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WORLD NEWS

Ray of hope for Howe from Machel

Sir Geoffrey Howe's South African peace initiative received a first cautious encouragement yesterday from Mozambique's President Samora Machel.

The Foreign Secretary, who has met criticism or rejection from South Africa and elsewhere, was told Mr Machel *might help as a mediator and* indirectly assist efforts to encourage dialogue. **Back Page; Ten die, Page 2**

Uganda joined Nigeria and Ghana in deciding to boycott the Edinburgh Commonwealth Games in protest at Britain's attitude to sanctions against South Africa. Break-even expected, **Page 4**

Killer, 12, sentenced

Billy Waugh, 12, *was ordered* detained during Her Majesty's pleasure at Newcastle upon Tyne for murdering a crippled widow after she refused to give him a penny for a guy. His companion, Ashley King, 22, was *jailed for life.*

Queen to knight Geldof

The Queen will break with tradition to give famine-aid organiser Bob Geldof his honorary knighthood. Usually, non-Britons receive such honours from the Foreign Secretary.

Newspapers gagged

The Guardian and Observer were banned in the High Court from publishing information about MI5 contained in a book by former officer Peter Wright. Security service members "cannot be allowed to write their memoirs," said the judge.

Inquiry chief quits

Prof John Caldwell resigned as head of a government inquiry into warship design after claims that, as a non-executive director of British Shipbuilders, he was open to bias.

Loyalists on march

Northern Ireland loyalists hold their traditional July 12 marches today, made more significant this year by the eight-month conflict over the Anglo-Irish agreement. **Page 4**

Italy's crisis grows

Italy could face early elections after the Socialist Party refused to take part in attempts to form a coalition government. **Back Page**

Peres warns Syria

Premier Shimon Peres warned Syria that Israel would take action if it found the Assad regime was backing terrorist activity against it. **Page 2**

Argentine strike off

Argentina's trade union confederation called off a general strike planned for this month, after important pay settlements this week. **Page 2**

Dutch government hopes

Acting Dutch Premier Ruud Lubbers is expected to form a centre-right government by Monday, after eight weeks of negotiations. **Page 2**

Homelessness rising

Homelessness in England is rising, with councils accepting responsibility for 25,230 households in the first quarter, against 22,110 a year ago, government figures show.

Horse's head attack

Newcastle upon Tyne police were investigating an attack in which a severed horse's head was thrown through the front door of Tory councillor Ken Barnes.

Vested interest

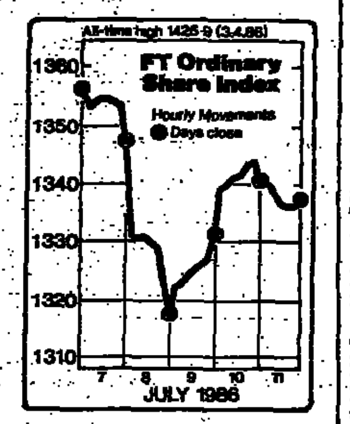
Lela Fashions of Newark, Notts, said it had sold over 30,000 royal wedding T-shirts—banned by Buckingham Palace—creating five jobs and making £140,000 profit.

BUSINESS SUMMARY

City bill changes planned

THE GOVERNMENT is to make changes to the Financial Services Bill during its passage through the Lords which will exclude transactions between commercially-related companies from its scope. This emerged at Westminster as the Bill received an unopposed Second *Reading in the Lords.* **Page 4**

EQUITY trading slowed in London after an eventful week. The FT Ordinary Share Index,



which showed a record fall in points terms of 30.1 on Tuesday, ended 3.3 down yesterday at 1,337.3. Over the week it shed 19.2. **Page 11**

PROPERTY Holding & Investment Trust rejected a £111m takeover bid from Greycoat Group. **Back Page**

ENVIRONMENT Department *was criticised by the* Commons Public Accounts Committee for failing to manage spending on Enterprise Zones. **Back Page.**

BUILDING SOCIETIES' average liquidity level fell to its lowest last month since spring 1974, with £720m drawn from funds to meet mortgages. **Page 4**

BUNZL, paper and plastics group, has bought six companies *for up to $25.5m.* **Page 8**

CSR, Australian mining and sugar group, sold a half-share in an undeveloped iron ore deposit to CRA, Rio Tinto-Zinc's Australian arm, for about A$40m (£16.6m). **Page 9**

INTEL, US semiconductor *manufacturer,* lost $20m (£13.2m) net in the second quarter, its fourth consecutive quarterly deficit. **Page 9**

PEPSI-COLA has hired raunchy singer Tina Turner for a world-*wide advertising campaign.* **Page 3.** China has dropped Coca Cola from its state banquet menus in favour of its own Heavenly Palace Cola.

CAR and commercial vehicle production in the UK dropped sharply in the first half of this year, the Department of Trade said. **Page 4**

HOLIDAYS: UK's top seven overseas package tour operators are handling *66.2 per cent of* the market, says Exchange Travel. **Page 4**

GEEVOR tin mine in Cornwall has had another application for government aid turned down. **Page 3.**

UNION of Democratic Mineworkers will boycott talks with the National Coal Board along with three unions including the National Union of Mineworkers. **Page 5**

AUSTRALIA'S current account deficit in the year 1985-86 reached A$14.3bn (£5.9bn), up 34 per cent on 1984-85. **Page 3**

FRENCH commercial paper market showed outstanding issues of FFr 25.3bn (£2.39bn) last week, well above expectations. **Page 9**

MATTHEW OAKESHOTT, *former manager of the £550m* Courtaulds pension fund, will take over and restructure Stewart Enterprise Investment Company of Scotland. **Page 8**

Investors act to block Lloyds' bid for Standard Chartered

BY DAVID LASCELLES, BANKING CORRESPONDENT

LLOYDS BANK'S £1.3bn bid for Standard Chartered Bank seemed close to failure last night after investors friendly *to Standard used the last full* day to buy heavily into its shares and build up a large blocking position. The offer closes at 1 pm today.

At the end of another dramatic trading session on the *Stock Exchange, Standard's* backers appeared to have secured at least 30 per cent of the vote. These included Mr Robert Holmes a Court, the Australian businessman and long-time associate of the Standard Bank, who disclosed a 7.4 per cent holding through two of his Bell Group companies.

Sir Yue-Kong Pao, the Hong Kong shipping magnate, bought more shares yesterday to increase his stake from 10 per cent to nearly 15 per cent. Other Standard allies are Tan Sri Khoo of Malaysia who holds 5 *per cent and several smaller* Far Eastern and South African investors.

Several big corporate customers of the Standard Bank were also rumoured to have come to its aid, although this *could not be confirmed.*

If this last-minute rush gives Standard enough support to fend off Lloyds, it could prove a pyrrhic victory. It was widely believed in the City yesterday that Standard's new share-*holders would seek the dismem*berment of the group to recoup their investments.

Most of them bought their shares at well over 800p compared to the 775p at which Standard closed unchanged last night, and to the lower level to which the price was expected to fall if the bid fails. Lloyds *valued its* bid at about 870p a share.

Standard has based its defence largely on the claim that the many components of its global business add up to a much greater sum than Lloyds is *offering. It has said it might* float off parts of the group on local stock exchanges in the Far East and America. A failed bid would hasten that process.

"Whatever happens, Standard Chartered will never be the same," said a bank stock analyst who said that Standard would pay a high price for its friends' support.

Sir Y. K. Pao is estimated to have spent £180m building up his stake to 14.9 per cent. This is the most anyone may own of a UK bank without being deemed to have a controlling *interest under the Banking Act.* Sir Y. K. is understood to have notified the Bank of England, which was observing development sclosely yesterday, of his share purchases.

The Federal Reserve Bank was also watching from the US, where Standard Chartered owns one of the largest banks in California. Lloyds is prevented by US law from buying more than 5 per cent of Standard at this stage.

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R-R nears pact on $2.1bn to back BA order

BY LIONEL BARBER AND PETER MONTAGNON

ROLLS-ROYCE, the state-owned UK aero-engine manufacturer, is close to completing a *$2.1bn (£1.4bn) fund-raising* exercise in its effort to supply British Airways with engines for BA's planned purchase of a new fleet of Boeing jumbo jets.

Rolls expects the complex financing package to be underwritten early next week with the agreement of a consortium *of international banks.*

BA is also in talks with two US aero-engine manufacturers, *General Electric and Pratt &* Whitney, and has told all three interested parties to submit their final offers by next Friday.

Whether BA buys British or US is politically sensitive. The Government hopes to privatise Rolls-Royce through an offer for sale early next year. Failure to win the BA engine order—worth between £300m and £500m—could damage prospects of a successful flotation.

But the Government also hopes to privatise BA and any interference by ministers in the state-owned *airline's decision* would arouse controversy, even if BA opted to buy US rather than British.

Rolls is trying to put forward a financing package to *match* an earlier proposal by GE's sister company, the General Electric Credit Corporation.

Under the Rolls deal—one of the largest aircraft financing exercises seen in the City—the state-owned aero-engine maker will not borrow any money. Instead, a syndicate of international banks will provide a $2.1bn revolving credit *facility* for BA which will finance the purchase of 16 Boeing 747-400 aircraft.

The credit facility will be secured on the ownership of *the aircraft, to be delivered* between 1989 and 1992, for a 15-year period. The credit is *conditional* on BA selecting Rolls' RB211-524D4D engines.

The financing agreement is to be structured to allow BA to take the jumbos on an operating lease. This is necessary because if BA, as a state-*owned entity, borrows signifi*cant sums the Government includes the money in its public sector borrowing requirement.

Rolls, advised by Goldman Sachs, the US investment bank, said last night that it was delighted with the response of the international banks taking part in the fund-raising.

An irony of Rolls' now public campaign for the BA order is that it also stands to gain if General Electric secures the deal.

Rolls has a 15 per cent stake in a collaborative venture with GE to build the 80C2 engine—the engine which GE is trying to sell to BA. This stake, agreed in late 1984 and amended earlier this year, is set to rise to 25 per cent in the next 12 months.

One aviation analyst said last *night that Rolls was facing a* delicate balancing act. "If it wins the BA order, it will be a triumph and could expand the market for its own engine. But in the long-term it could also damage its own venture with General Electric."

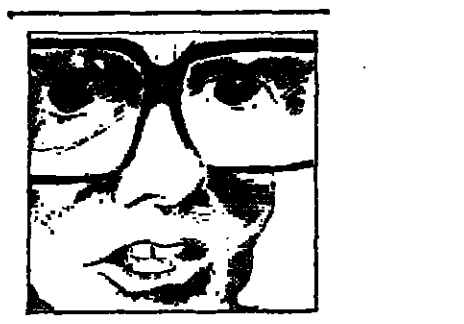
According to industry estimates, Rolls could gain up to *$2bn* in cumulative revenue through its participation in the 80C2 venture by the early 1990s.

BA expects to make a recommendation on which engines it wants by early autumn to Mr John Moore, the Transport Secretary. A final decision is likely to rest with ministers *from* the Trade and Industry Department, the Treasury and the Transport Departments.

WEEKEND FT

EXILES

Fifty years after the Spanish Civil War began, the bell still tolls for some veterans.
Page I

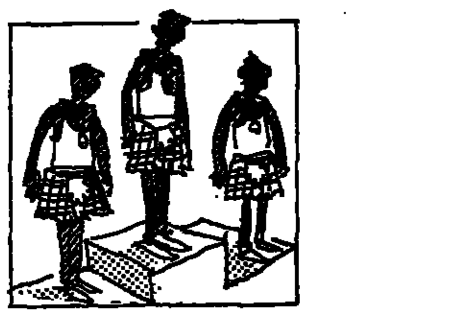


PENSIONS

New rules will give employees the right to much more detail about their company schemes.
Page V

FINE ARTS

The finest group of sculptures in years comes up at Christie's next Tuesday.
Page VII



SPORT

The Commonwealth Games under pressure—plus a report on the Tour de France.
Page XVI

Leading US banks cut prime lending rates to 8%

BY PAUL TAYLOR IN NEW YORK AND IAN RODGER IN TOKYO

LEADING US banks yesterday cut their prime lending rates by ½ percentage point to 8 per cent—the lowest level for the benchmark *corporate lending* rate in eight-and-a-half years.

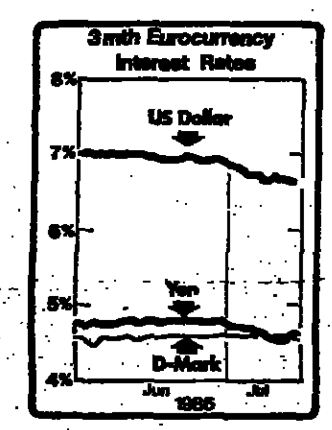
The prime cuts came in the wake of the US Federal Reserve Board's decision to cut its discount rate by ½ percentage point to 6 per cent, a move described by the White House as "sufficient" but which drew a cool response on Wall Street *where the usual rally following* a discount rate cut failed to materialise.

The US move was not followed by cuts in official rates in other countries. European government and central bank officials were unimpressed by the Fed's hint that they should follow its example.

The West German Bundesbank indicated it planned no early cut in its discount rate of 3½ *per cent. Japanese officials* also said they saw no immediate need for a cut.

Financial markets generally took the Fed's move calmly and the dollar strengthened on foreign exchanges to the surprise of some observers. Dealers said speculators had had to cover short positions and they expected further weakness in the US currency next week.

US investors reacted *cautiously* to the discount rate cut which had been predicted for some time because of the flagging US economy. The timing of the Fed's move, however—without matching moves by Japan and West Germany



and in the face of a weak dollar—came as a surprise.

The dollar closed in London last night at DM 2.188, a gain *of 1.35 pfennigs on the day.* It gained Y1 to Y161.35 against the yen.

On Wall Street, equity prices were marked slightly lower from the outset in a moderately heavy trading, while bond *prices fell by up to a full point,* pushing up longer-term interest rates — an unusual reaction in *the wake of a discount rate cut* and falling US money market rates.

This was seen as possibly indicating nervousness among investors about the Fed's full reasons for the cut and a more *general feeling that the good* news may now be over, at least for the time being.

Mr Larry Speakes, White House spokesman, said, however, that the President was satisfied with the discount rate cut which he said was "in line with Treasury Bill rates."

Yesterday's report that US producer prices were virtually *unchanged in June* was "good news for all Americans," he said. The absence of higher prices would make lower interest rates possible "and that in turn leads to sustained growth."

In Japan, Mr Michio Watanabe, International Trade and Industry Minister, said he efared that a widening gap between yen and dollar interest rates would cause a further *rise in the yen, to the detriment* of Japanese exporters.

Perhaps with an eye to a future US discount rate cut, he said Japan should reduce its rate at the same time and by the same amount as the US.

Tokyo share prices rose sharply as dealers anticipated a discount rate cut and the Nikkei *market average* rose on the day by 200.95 to 17,6780.77.

The US move to lower prime rate was led by Chemical New York, the sixth largest US banking group, quickly followed bq other leading banks includ-*ing Morgan Guaranty, Bankers* Trust, First Chicago and Citibank.

The prime cut is the third since the start of the year when the key lending rate stood at 9.5 per cent and reflects the

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Bundesbank plans no cut, Page 2
A signal to the world and editorial comment, Page 6
Money markets, Page 9

Inflation rate falls again

BY GEORGE GRAHAM

BRITAIN'S RATE of inflation *fell in June for the sixth suc*cessive month dropping to the lowest level since 1967. A cut in mortgage rates took the Retail Price Index down by 0.1 per cent in June and lowered the annual rate to 2.5 per cent.

Lord Young, Secretary of State for Employment, said the figures were "the best news of *the summer,*" but the rate was still not low enough. He called on employers and employees to agree lower pay settlements.

Without the help of the mortgage rate cut, however, the inflation rate edged up last month. Separate figures from the Treasury showed the rate rose to 3.3 per cent from 3.1 per cent the previous month.

Petrol prices rose *last month* by 3.1p, but are still 40.6p lower than a year ago. In spite of the recent renewed slide in oil prices, the inflation rate is not expected to receive as much help from this quarter in coming months as it had until May.

In Whitehall, however, officials *say that even if the underlying* inflation rate proves to be closer to 3 per cent, this is still far *lower than the underlying rate* of increase in earnings, which has been running at 7½ per cent for nearly two years.

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BT prices, Back Page

Tebbit woos expatriate voters

BY PETER RIDDELL, POLITICAL EDITOR

MORE THAN 100,000 British citizens living abroad have been sent a letter from Mr Norman Tebbit, the Conservative Party chairman, urging them to register for a vote in their home UK constituencies.

This unprecedented drive is regarded by Conservative *leaders as being as important* as the organisation of postal votes within Britain.

Under regulations which came into force yesterday British citizens now resident abroad who have lived in the UK within the last five years can now register as overseas electors.

This process involves making declarations by October 10 each year, the first *time witnessed by a consular* official, allowing people to be registered in the constituency where they were eligible to vote before they went abroad. They will be allowed to vote by proxy at any parliamentary election or European Parliament election.

Roughly 500,000 people may be enfranchised *in this* way but, unlike the compulsory registration in the UK, overseas registration is voluntary. This is also the case in the US, *for example,* which puts the onus on party organisation to encourage voters to use their proxies.

The Conservative Party has *so far identified* 110,000 British citizens living overseas. It has set up a body, Conservatives Abroad, under the presidency of Lord Home, former Prime Minister, to encourage registration and voting.

A total of 28 local branches have been established, in *countries* ranging from Costa Rica to New Zealand. The biggest branches are in the EEC, though there is potential to win large numbers of votes in Saudi Arabia and the Gulf where 30,000 British citizens live.

Conservative MPs going abroad during the parliamentary recess this *summer are* being urged to contact party supporters.

It is at present impossible to say what the political impact of the proxy voting will be, or how many people will register. The Conservative drive is partly modelled on the work of Republicans Abroad, a US Republican Party group, though less than a fifth of US citizens living *abroad register.*

A Labour Party spokesman said yesterday it was also taking the changes seriously. It was organising to contact known sympathisers and British communities to provide information and documents.

An official of the Social Democratic Party *said it* would organise a limited operation. The SDP has *groups of local suporters* in Brussels, Luxembourg, Paris and New York.

In his letter, Mr Tebbit says Conservatives Abroad will provide a two-way exchange of views and information between expatriates and the party through a regular newsletter.

MARKETS

DOLLAR
New York lunchtime:
DM 2.19425
FFr 7.0480
SFr 1.7955
Y161.65
London:
DM 2.188 (2.1745)
FFr 7.0225 (6.9775)
SFr 1.788 (1.7775)
Y161.35 (160.35)
Dollar index 113.9 (113.7)
Tokyo close Y160.9

US LUNCHTIME RATES
Fed Funds 6 7/16%
3-month Treasury Bills:
yield: 5.77%
Long Bond: 100 1/16
yield: 7.19%

GOLD
New York: Comex August latest $348.4
London: $348 ($347.75)

STERLING
New York lunchtime $1.5015
London: $1.505 (1.5165)
DM 3.2925 (3.2975)
FFr 10.5675 (10.5825)
SFr 2.69 (2.695)
Y242.75 (243.25)
Sterling index 74.6 (74.9)

LONDON MONEY
3-month interbank:
closing rate 9 15/16% (10 1/16)

NORTH SEA OIL
Brent 15-day August
$9.45 ($9.7)

STOCK INDICES
FT Ord 1,337.3 (−3.3)
FT-A All Share n/a
FT-SE 100 1,626.4 (−0.3)
FT-A long gilt yield index:
High coupon n/a
New York lunchtime:
DJ Ind Av 1,821.43 (−10.4)
Tokyo:
Nikkei 17,670.77 (+200.95)

Chief price changes yesterday: Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France FFr 8; W. Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c;

CONTENTS

Ten suspected insurgents die in S Africa

BY BERNARD SIMON IN JOHANNESBURG

TEN SUSPECTED African National Congress (ANC) insurgents were killed in two separate incidents, one near the Eastern Cape town of King Williams Town and the other near the Botswana border, the police announced yesterday.

A series of explosions was reported from a village in the Bophuthatswana tribal "homeland" where several violent incidents have taken place in the past two weeks.

In addition, the police have imposed new curbs on five districts of Kwazulu in northern Natal. The restrictions, issued in terms of state of emergency regulations, forbid non-residents from entering the five areas and bar possession of petrol containers, catapaults and clothes bearing the names of a number of anti-apartheid groups.

The authorities have reported fewer violent incidents in urban areas in recent days, but at least two people have been killed in two days of fierce fighting in Soweto between migrant hostel dwellers and other residents.

In other developments yesterday, the group working on a new form of multi-racial government for the province of Natal and Kwazulu has formulated a Bill of Rights as the basis for a new constitution for the area.

The document, which includes provisions for the protection of minority groups, freedom of movement and racial equality in education, is the first tangible result of the *Indaba* (discussion group) set up last year to draw up proposals for the creation of a single legislative body for Natal and Kwazulu. The *indaba* is widely viewed as an experiment which if successful may be followed in other parts of the country.

Before it can be implemented, the Bill of Rights would have to be enacted by the South African Parliament as part of a new Natal/Kwazulu constitution. It would apply only to functions delegated to the Natal/Kwazulu authorities. The present South African constitution does not contain a charter of rights.

Several business organisations have signalled a hardening attitude towards workers' political protests by calling on trade unions to ignore a call by the Council of South African Trade Unions (Cosatu) for a day of industrial action on Monday in protest against the state of emergency.

A United Nations conference on Namibia ended yesterday with an appeal to the US and Britain to stop blocking mandatory economic sanctions against South Africa, Reuter reports from Vienna.

Delegates from more than 110 nations adopted two final documents demanding Pretoria cease its 20-year illegal occupation of Namibia and implement a UN independence plan.

BASE LENDING RATES

	%		%
ABN Bank	10	Equatorial Tst Corp. plc	10
Allied Arab Bank Ltd	10	Exeter Trust Ltd.	10½
Allied Dunbar & Co	10	Financial & Gen. Sec.	10
Allied Irish Bank	10	First Nat. Fin. Corp.	11
American Express Bk.	10	First Nat. Sec. Ltd	11
Amro Bank	10	● Robert Fleming & Co.	10
Henry Ansbacher	10	Robert Fraser & Ptrs	11
Associates Cap Corp.	10	Grindlays Bank	‡10
Banco de Bilbao	10	● Guinness Mahon	10
Bank Hapoalim	10	● Hambros Bank	10
Bank Leumi (UK)	10	Heritable & Gen. Trust	10
Bank Credit & Comm.	10	● Hill Samuel	§10
Bank of Cyprus	10	C. Hoare & Co.	10
Bank of Ireland	10	Hongkong & Shanghai	10
Bank of India	10	Knowsley & Co. Ltd	10½
Bank of Scotland	10	Lloyds Bank	10
Banque Belge Ltd	10	Mase Westpac Ltd.	10
Barclays Bank	10	Meghraj & Sons Ltd	10
Benchmark Trust Ltd	10	Midland Bank	10
Beneficial Trust Ltd	11	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd.	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	10½
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10¾	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	11
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd.	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp.	10
E. T. Trust	11	Whiteaway Laidlaw	10½
		Yorkshire Bank	10

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

Alan Friedman on the career of Giulio Andreotti as he seeks to form a government

Italy's great fixer returns to the fray

MR GIULIO ANDREOTTI, the 67-year-old Christian Democrat who was asked by President Francesco Cossiga on Thursday night to try to end Italy's two-week-old political crisis by forming the next government. He is one of Europe's most able political fixers. A man of caustic wit and great diplomacy, he is also a serene figure with close ties to the Vatican. Above all, however, it is Mr Andreotti's instinct for survival, a feline-like skill, which has made him the object of so much envy, controversy and fear in Italy.

The wily Mr Andreotti, five times Italy's Prime Minister in the 1970s, is Italy's master politician, the Great Compromiser of Rome, a veritable maestro who is perceived as having enormous power and who clearly revels in this perception.

He has survived, effortlessly, no fewer than 27 impeachment attempts during a career which has spanned more than 40 years (he was first elected to Parliament in 1944).

The most recent time Mr Andreotti survived a parliamentary vote to remove him from office was in the autumn of 1984, when the allegations concerned his supposed role in protecting the late Mr Michele Sindona, the convicted Sicilian swindler.

It has been said that one can trace the history of post-war Italy by following Mr Andreotti's career. He has certainly managed to emerge unscathed from allegations of misconduct in many of the great post-war scandals. Among the most prominent accusations has been the claim that some of Mr Andreotti's political associates in Palermo, where he derives a large portion of votes for his Christian Democrat faction, are tied to the Sicilian Mafia.

Mr Andreotti (right) with the man he is trying to succeed as Prime Minister, Mr Bettino Craxi

Perhaps the best single description of Andreotti-the-man was contained in a front-page portrait written by Mr Indro Montanelli, editor of the Milan-based Il Giornale newspaper. Mr Montanelli's description of the politician known in Italy as "a man for all seasons" was the following:

"He (Andreotti) is a political animal with highly sophisticated radar, with a clear head, cold blood, nerves of steel and the velvet touch, a man who is ever alert and cautious, incapable of either love or hate, of sentiment or resentment, free of ideology and thus a man more of power than of statesmanship—and as such the most complete man of power, cultivated and refined, always ironic. In shoat, a perfect 17th century cardinal of the Vatican Curia, a man without hope of paradise or fear of hell."

Paradise and hell notwithstanding, Mr Andreotti now faces one of the most difficult challenges even of his colourful and varied career. For 15 days the Italian Government crisis has continued to worsen, if that can be imagined. The crisis does not concern substance. It is simply a crude struggle for the prime ministership between the Christian Democrats and the Socialist Party of Mr Bettino Craxi.

Yesterday the Socialists responded to the Andreotti mandate like raging bulls before a red flag. Although careful to proclaim their "esteem" for Mr Andreotti, the Socialists said "No" to the idea of a Christian Democrat-led government. They also said "No" to early elections, which means that Mr Craxi still hopes to return as prime minister, even if it means a long and drawn-out crisis.

His credentials — notwithstanding the many controversies surrounding him — are impeccable. A Rome-born law graduate, he was originally a protege of the legendary Alcide de Gasperi, the Christian Democrat prime minister who dominated the early years of the modern Italian republic. Indeed, Prime Minister De Gasperi selected Mr Andreotti to help draft the country's constitution.

Mr Andreotti's first ministerial post came in 1954, as Interior Minister. He has since then served as under-secretary to the Prime Minister, Finance Minister, Treasury Minister, Defence Minister, Budget Minister, five times Prime Minister and, since 1983, Foreign Minister. His work in developing a rapport with the opposition Communists in the late 1970s was part of Italy's "historic compromise" period when the Communists gave their indirect assent to the Government.

In recent years he has been sharply criticised for his close ties with the Libyan leadeldsS ties with Col Muhammed Ghadaffi, the Libyan leader. It was Mr Andreotti, together with Mr Craxi, who helped arrange the flight from Italy last autumn of Abu Abbas, the Palestinian terrorist who this week was sentenced in absentia to life imprisonment by a Genoa court for his role in the Achille Lauro hijacking.

All criticisms tend magically to deflect from the hunched and bespectacled figure of Giulio Andreotti, the man once again at the centre of Italian attention, where he loves to be.

Peres warns Damascus over terrorism

PRIME MINISTER Shimon Peres yesterday warned Syria that Israel would take action if it were proven that the Assad regime was providing backing for terrorist activity against Israel, reports Andrew Whitley from Jerusalem. He did not elaborate.

The warning followed Wednesday night foiled attempt by a guerrilla squad belonging to the Syrian-backed Popular Front for the Liberation of Palestine to infiltrate Israel by sea from Lebanon.

Two Israelis were killed and nine wounded—an unusually high casualty toll for Israel—in a length yshoot-out with the four guerrillas involved. The toll has prompted a rash of worried questions in Israel as well as the launch of an internal inquiry within the Israeli Defence Forces.

Both the Israeli Prime Minister and Mr Yitzhak Rabin, the Defence Minister, appeared careful yesterday not to raise the temperature unduly with Damascus. The US has recently been working discreetly behind the scenes to reduce the risk of a direct clash between Israel and Syria either in Lebanon or on the occupied Golan Heights.

French inflation falls

France's inflation rate fell to 2.3 per cent on a year-on-year basis at the end of June according to provisional figures from Insee, the official statistics institute, David Housego reports from Paris. Prices in June rose by 0.3 per cent compared to 0.2 per cent in May and 0.4 per cent in April. The continuing pace of price deceleration confirms that the Government's objective of a 2.3 per cent inflation rate at the end of the year is within reach.

US-Spain base accord

THE US has agreedto substitute 10 per cent of its military personnel for Spanish civilians at the joint Hispano-American air base at Torrejon outside Madrid after a first round of troop-reduction talks, the Madrid El Pais, said yesterday, AP writes from Madrid.

Chile dissidents held

Fourteen dissident Chilean leaders were arrested Thursday, accused by the military government of breaking state security laws by calling a general strike last week, AP reports from Santiago. After the leaders were arrested, riot police used tear gas and water cannons to scatter dozens of demonstrators who gathered outside the headquarters of the Santiago Bar Association to voice their support for those taken into custody.

Greek credit doubts

Credit expansion to the Greek public and private sector at rates much higher than targetted pose the main threat to the government's economic stabilisation programme introduced last October, Mr Costas Simitis, the Economy Minister, said yesterday, Adriana Ierodiaconou reports from Athens.

The minister said private sector financing in the first four months of 1986 increased by Drs 122bn (£570m), compared to Drs 109bn in the same period last year. Public sector borrowing needs in the first four months of the year went up to Drs 146bn, from Drs 133bn in the same period last year.

Lubbers set to form right of centre government

BY LAURA RAUN IN AMSTERDAM

A NEW Centre-right Dutch Government is to be formed on Monday, ending eight weeks of plodding negotiations following the May election victory of the Christian Democratic Party.

Mr Ruud Lubbers, the acting Prime Minister, was given a mandate yesterday by Queen Beatrix to choose his new 14-member cabinet and immediately began meeting with the Liberals, his partners in the previous right-of-centre administration.

Mr Lubbers is likely to follow similar economic and social policies to those of his first administration over the next four years. There will be some relaxation, however, in budget cutting and more attention on maintaining personal incomes.

Several powerful Cabinet members are expected to keep their portfolios, including Mr Hans van den Broek, as Foreign Minister, Mr H. Onno Ruding as Finance Minister, Mr Frits Korthals Altes as Justice Minister and Mrs Neelie Smit-Kroes as Transport Minister.

The new economic minister and vice premier is almost certain to be Mr Rudolf de Korte, former Interior Minister.

Other Cabinet members likely to keep their posts include Mr Jan de Koning, Labour Minister, and mediator of the coalition negotiations, Mr Eelco Brinkman, Culture Minister and Mr Gerrit Braks, Agriculture Minister Mr Piet Bukman, the Christian Democratic leader, is mooted for development aid minister.

The most divisive issue in the Cabinet selection has been whether a post goes to Mr Ed Nijpels, the young and brash former Liberal leader who is blamed by many for heavy losses in last May's election. Mr Nijpels is believed to have won his fight for a seat in the Cabinet

US wholesale prices down 6.5% in first half

BY NANCY DUNNE IN WASHINGTON

US wholesale prices were flat in June and finished the first half of the year 6.5 per cent lower, at an annual rate, than they were at the end of 1985, the Labor Department said yesterday.

The sixth-month decline, the steepest since the government began to record wholesale prices, apparently came to an end in May, when they rose by 0.6 per cent.

Analysts had anticipated a continuation of May's modest inflationary pace, but the price of wholesale petrol rose only 2.9 per cent after jumping 8.6 per cent in May and most energy prices fell.

The White House, after a string of disappointing indicators giving no sign of a escond-half economic pick-up, moved quickly to praise yesterday's news.

"The Reagan Administration's economic policies have succeeded in keeping prices low," said Mr Larry Speakes, the President's spokesman. "Inflation is lower, interest rates are lower, and consumer spending as a percentage of the GNP is higher, and more jobs have been created."

The producer price of natural gas declined 5.8 per cent, and heating oil fell 6.6 per cent.

General strike called off in Argentina

Tim Coone in Managua

ARGENTINA'S powerful trade union confederation, the CGT, has called off a general strike originally planned for the end of July after settlements on pay were achieved with the important metal workers', state employees', teachers and construction workers' unions over the past week.

The decision, made by the CGT leadership on Thursday night, will give a few months of breathing-space to the Alfonsin government to continue with its embattled economic stabilisation programme, the Austral plan.

By relaxing pay restraints and allowing across-the-board increases over the coming three months, ranging from 7 to 11 per cent, plus a further 2 per cent for productivity increases, the government has effectively headed off an imminent confrontation with the most powerful unions in the country and the threat of a creeping paralysis of the economy through strike action.

Larger pay increases, some exceeding 40 per cent, have been authorised for the powerful metal workers' construction workers', teachers' and state employees, unions. The intervention of the Economy Minister, Mr Juan Sourrouille, in the metal workers' dispute, resulted in an unprecedented personal message of thanks being sent from the leader of the metal workers' union, Mr Lorenzo Miguel, to Mr Sourrouille.

One dispute that continues without resolution, however, is the 12-day-old pilots' strike in the state airline, Aerolineas Argentinas. Further negotiations on Wednesday and Thursday between the pilots and management failed to achieve agreement.

Bundesbank plans no early reduction in discount rate

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank plans no early reduction in its 3.5 per cent discount rate, despite the latest cut in the US discount rate by 0.5 per cent to 6 per cent.

Central bank officials here stressed that all the arguments against a discount rate cut advanced at a press conference last week by Mr Karl Otto Poehl, the Bundesbank president, remained as valid now as they were then.

Mr Poehl noted that money supply growth was still excessive, although a bit less strong than it had been a few months ago, and that prospects for buoyant economic growth this year were good.

The officials indicated that next Thursday's meeting of the Bundesbank's policy-making council was expected to be routine with no decisions on rate changes, after which there would be a month's summer recess.

It is pointed out that if the US dollar were to fall very sharply against the D-mark in the course of the summer, then the Bundesbank would have to re-examine the question of a discount cut.

Already the plunge of the US currency from its high point early last year of DM 3.47 to a current level of under DM 2.20 has markedly undercut the price competitiveness of German exports.

But the Bundesbank is clearly determined to watch the dollar trend closely over an extended period before deciding on any policy change. Initially the dollar strengthened in Frankfurt yesterday to DM 2.18 after DM 2.17 on Thursday and DM 2.16 on Monday—the latter the lowest official rate since April 1982.

Cautious nod for EEC's 'butter for cows' plan

BY TIM DICKSON IN BRUSSELS

A EUROPEAN COMMISSION plan to sell off surplus stocks of ageing butter for animal feed won the cautious approval yesterday of EEC member states.

But a separate scheme to offer cheap supplies from the record 1.3m tonne butter mountain to Europe's unemployed and others on social security looks likely to run into flak from the Community's Agriculture Ministers next week.

The so called "butter for cows" plan—which involves only stocks which are more than two years old and which are thus considered unsuitable for human consumption—was supported by a 33 to 15 majority of the relevant market management committee.

An EEC official last night estimated such sales could raise Ecus 20m, though this would represent a substantial book loss on butter which cost the EEC around Ecus 280m to buy and a further Ecus 100m to store.

The proposal has been on the table for some time and if adopted would represent a significant extension of existing schemes to distribute cheap supplies. However, several member states, among them Britain, are concerned at the possible cost of the proposal.

For the Chinese dealing with foreigners has not been easy, reports **Robert Thomson** from Peking

China looks both up and down at the Big Noses

A FEW MINUTES before the train from the wilds of China's west pulled into Peking station, deadening patriotic music heralded a recorded message on urban etiquette: "Do not spit because it is not polite, and do not stare at the foreigners."

The message went on to tell the presumed audience of backward peasants that Peking has a lot of foreigners, and their customs and clothes may seem odd, but uphold the Motherland's honour and treat them courteously.

For the Chinese, coming to terms with the growing foreign presence and influence has not been easy. Only a few years ago having foreign friends was reason enough, to be purged and persecuted, and things foreign were generally shunned by an isolated and alienated China.

A violent clash between Chinese and African students at a Tianjin University, to the east of Peking, has highlighted the problems that even educated Chinese are facing. Both sides accuse the other of starting the trouble, and the matter has yet to be settled after weeks of argument.

In late May, the African students threw a party to celebrate African liberation day, but at about 11.30 on the night in question, Chinese students sitting an examination the next day complained about what they said was raucous noise.

What happened next is still unclear. The Chinese say the foreigners hit one of their number with a beer bottle, while the foreigners say the [illegible] bottles. According to the official news agency, Xinhua, "the two sides got excited and clashed" because of a "misunderstanding."

About 16 of the visiting students fled to Peking, where they complained to their respective embassies of racist treatment. Five or so of the students are still to return to Tianjin, maintaining that they fear for their safety.

A few days later, a Moroccan student cycling with his Japanese girldfriend in Changhai was struck by four Chinese youths, who apparently thought the girl was Chinese and resented that she was selling out the country by having a relationship with a foreigner.

These violent incidents are notable for being abnormal. But romance between foreigners and Chinese does provide a good example of the difficulties ushered in through the "open door." The government allows but does not welcome such relationships, and the Chinese involved is often pressured by his or her *Danwei* (work unit) to drop the foreign partner.

The Public Security Bureau, intent on preserving the great power it accumulated under Chairman Mao Tse-Tung, presumes that many expatriates are spies and are cultivating Chinese friends or the sake of extracting state secrets. The bureau wastes its time following journalists and others, and is extremely suspicious of foreigners who speak Chinese.

A friend recently married a Chinese chef, who was ostracised by his Danwei for liking [illegible]

Advice for Peking train passengers: "Don't spit and don't stare at foreigners"

secrets, other than recipes, he could have passed on remains a matter for the imagination.

That the Chinese people have doubts about foreigners is understandable, and that there have not been more problems is surprising bearing in mind the battering the Chinese have taken in the past.

At school, Chinese are taught that "foreign imperialists" pillaged the country during the last century and early this century. China, which thought of itself as the centre of the universe, was humiliated by the British "barbarians" and foreigners intent on turning it into a trading commodity.

A popular Chinese film tells of the British and French destruction of Peking's Summer Palace, presenting the British [illegible] sport of slaughtering unarmed [illegible]

Foreigners are referred to colloquially as "big noses" or "old foreigner," and despite recorded messages in trains they are still stared at, particularly in rural areas with less experience of tourists and business people.

Putting the foreigner in perspective has long been a problem, as Lu Xun, the most gifted Chinese writer this century, explained: "Throughout the ages, the Chinese have had only two ways of looking at foreigners, up to them as superior beings or down on them as wild animals. They have never been able to treat them as friends, to consider them as people like themselves."

Now, Chinese youth in the [illegible] Canton are stuck in the "superior being" stage, and are prone to worship foreign countries for the opportunities they seem to provide for individual experience.

Thousands of students sit language tests at embassies in the hope of winning a place at an overseas university. A Chinese student told me: "My friends only care about learning English so they can study in the US. They don't care about anything else."

Communist Party officials have condemned young people for "slavishly" thinking that Western products and lifestyles are better than China's.

China has gained much by admitting that foreign help is necessary to modernise the country, yet many Chinese believe the party's foreigner fascination is a passing fancy. An interesting theory considered worthy of contemplation by long-time China watchers is that foreigners will be blamed if and when the reforms collapse—an unlikely prospect on present performance.

The logic is that the party will have to save face by looking for a good excuse, and the ideal way out would be to point the finger at foreign capitalists, who could be said to have exploited the country for their own gain and China's loss. The gloomy theory presupposes a swing back to rigid ideology at the expense of reality.

For the time being, the Government is intent on expanding foreign contact, and has been assuring ordinary Chinese [illegible] Chinese with relatives overseas, once considered a sure sign of a spy, that they should not feel uncomfortable about contact with them.

Yet, behind the ever-friendly and endearing tourist guides most visitors meet, Chinese unease about the "old foreigners" lingers. Some urban Chinese are concerned that friendships with foreigners will leave them beached when the political tide turns again, while others simply find it difficult to stake out common ground.

In rural China, the home of 800m people, and where exposure to foreigners has been scarce and a peasant is fortunate to have finished primary school, there is often a benign curiosity shaped by a world view that extends to the other side of the village.

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N-arms high on agenda, Patrick Cockburn reports

Shevardnadze London trip marks foreign policy shift

THE CENTRAL interest of the visit of Mr Eduard Shevardnadze, the Soviet Foreign Minister, to Britain tomorrow is that it comes as Moscow waits for President Reagan's reply to the Soviet arms proposals on which hinge the fate of a summit between the leaders of the super powers.

The US response will be a watershed in US-Soviet relations. Mr Mikhail Gorbachev, the Soviet leader, has said he will not attend a summit in Washington unless there is a substantive agreement on some measure of nuclear arms control. Diplomats in Moscow do not believe he will shift from this position.

Mr Shevardnadze will therefore want to persuade Britain to use any influence it has in Washington to encourage a favourable response to Mr Gorbachev's arms proposals of June 11. He will also want to find out as much as possible about what this response is likely to be.

Although the Soviet Foreign Ministry recently said that it wanted a meeting between Mr Shevardnadze and Mr Shultz, the US Secretary of State, there is still no sign of the two men meeting before September. This means that the British will be interested in seeing what parts of Mr Gorbachev's disarmament package could be negotiated separately in time for a summit. Even then the time needed for negotiations means that the summit might be pushed into the first half of 1987 rather than the end of this year.

Mr Shevardnadze's visit also officially marks a return of British-Soviet relations to normality. Never warm during Mrs Margaret Thatcher's first administration, these improved following the visit to Britain by Mr Mikhail Gorbachev at the end of 1984 a few months before he took over the Soviet leadership. Mrs Thatcher praised him as "a man you can do business with."

The warmth did not persist. Five Soviet officials were expelled from London for espionage in April and another 31 in September. Moscow responded in kind, expelling diplomats and journalists from Moscow. A visit to Britain by Mr Andrei Gromyko, just before he was promoted President after 28 years a Foreign Minister, was postponed as a result of the first incident.

The strength of the Soviet response to the second round of expulsions, which clearly surprised Downing Street, also demonstrated a change in the way the Soviet Union responds to the outside world. The new men at the top in the Kremlin are more outgoing, confident and less inhibited by a siege mentality than their predecessors. They also expect visible equality with the US and react strongly when they feel this is denied them.

Relations between London and Moscow had largely returned to normal by the beginning of the year. There were a series of high level visits. Lord Whitelaw and Mr Denis Healey had long talks with both Mr Gorbachev and Mr Gromyko six weeks ago. This in turn is part of a warmer and more subtle approach to Western Europe which has been evident since Mr Gorbachev's visit to Paris last year.

Mr Shevardnadze: persuade UK to use influence

The Soviet approach today is to strengthen links with the West European states, see what influence they can exert on Washington but not to be seen to be driving wedges into the Atlantic Alliance. The installation of cruise and Pershing II missiles in Western Europe in 1983—and the return of Conservative governments in West Germany and Britain in the same year—showed the degree to which such wedge-driving can be counterproductive from the Soviet point of view.

The vigour with which Moscow is now cultivating Western Europe is also indicated by the appointment this year of three new ambassadors of high calibre to London, Paris and Bonn. Mr Shevardnadze's visit London also comes three days after President Mitterrand had been in Moscow for three days of discussions with Mr Gorbachev and before a visit to the Soviet Union by Mr Hans-Dietrich Genscher, the West German Foreign Minister.

Soviet commentary has recently sounded a little disappointed at the results of its fresh approach in Western Europe. The use of British air-bases for the American air raids on Libya in April showed Moscow how close Mrs Thatcher stands to President Reagan. At the same time his announcement that the US will break out of the Salt-2 treaty in November shows that British influence in the White House is limited.

Mr Shevardnadze will also presumably expect no positive British response on Mr Gorbachev's offer of last year for direct talks between Britain and the Soviet Union on the British deterrent. The Soviet side is concerned that once the Trident submarines are operational that this will provide Britain with an eightfold increase in its nuclear warheads.

Britain will also try to get some breakthrough on the Geneva chemical weapons talks while Mr Shevardnadze is in London. But Mr Anatoly Dobrynin, the head of the Communist Party Central Committee's International Department, told Dr David Owen in Moscow last Thursday that for the Soviet Union to go to a summit it must have a "substantive" agreement on some measure of nuclear arms control. Agreement on lesser issues would not in the eyes of the Krmelin be enough to justify a meeting.

One strand of the links between the Soviet Union and Britain is clearly weakening. When Mr Gorbachev was in London in 1984 he spoke of British-Soviet trade increasing by up to 40 per cent. Since then the price of oil, 60 per cent of the Soviet Union's total exports has dropped. British exports to the Soviet Union fell to $537m in 1985 while imports were £725m. This year they are at about the same level.

There has, in any case, always been something a little spurious in the economic, trading and credit agreements negotiated between Britain and the Soviet Union. Moscow was never going to provide a big market for British goods even when the price of oil was high. Economic agreements, such as the protocol to be signed while Mr Shevardnadze is in London, are largely significant as polititcal symbols.

The other point of interest over the next three days is to see Mr Shevardnadze in action. The Soviet Foreign Ministry has become a more formidable organisation since he took over as younger diplomats are promoted and some departments reorganised. Mr Gorbachev is clearly keen that Soviet foreign policy should have public visibility in the world in contrast to the secret negotiations preferred by President Brezhnev and Mr Gromyko.

Soviet diplomats also appear to have shifted their negotiating style away from the single-minded belabouring of one issue, such as Soviet opposition to Pershing II and cruise in 1983 or the strategic defence initiative (Star Wars) in 1984-1985, so as to obscure in the eyes of everybody outside the Kremlin what the Soviet Union sees as its real security needs.

It is only recently that the Soviet Foreign Ministry has appreciated that continual Soviet emphasis on the threat posed to Moscow's interest by SDI had become an important justification in the eyes of many Americans for investing more money in the project.

To present the Soviet case as a whole gives Mr Shevardadze a reason for being in London even if it produces few concrete diplomatic gains in the form of treaties, communiques and protocols. The fact that he is the most senior Soviet government official to visit London since 1967 shows the degree to which the way Soviet foreign policy is conducted has changed over the last year.

Current account deficit increases in Australia

BY EMILIA TAGAZA IN CANBERRA

AUSTRALIA'S current account deficit in the financial year 1985-86 reached A$14.3bn (£5.9bn), up 34 per cent or A$3.6bn on the deficit for 1984-85.

The Statistics Bureau reported yesterday that two-thirds of the increase was due to the trade deficit, which rose sharply from A$894m to A$3.3bn. Exports during the period amounted to A$32.3bn, an increase of 11 per cent over last year. Imports rose 18 per cent to A$35.6bn.

The Government had originally forecast the 1985-86 deficit at A$10.7bn but last May, it revised the estimate to A$13.7bn. The revision was prompted by the steep decline in Australia's terms of trade.

In the last few years, the terms of trade have deteriorated steadily each year from 1979.

The deficit outcome however was well within the expectations of bankers and currency dealers, thus accounting for the mild response of the Australian foreign exchange market.

The current account figures were released amid reports from New York that Moody's, the credit rating agency, was reviewing Australia's Triple A rating.

Mr Paul Keating, the Federal Treasurer said he was not concerned at the possibility of Australia losing its top credit rating. He said Moody's would look at the long-term, not the short-term, prospects for the country.

"I'm confident that the review will come down in favour of Australia because it will look at the country's external debts, and our foreign debt is only half of our international reserves," he said.

Meanwhile, the Confederation of Australian Industry, said the Government of Prime Minister Bob Hawke must maintain its tough stance on wage restraint. It said severe corrective measures, which have been delayed by the Government's false expectations from its centralised wage-fixing accord with the unions, must now be implemented to correct the current account problem.

Tamils to join Colombo talks

By Mervyn de Silva in Colombo

THE FORMER opposition leader and general secretary of the Tamil United Libreation Front (Tulf), the main Tamil party, will arrive in Colombo today from Madras for talks with President Jayewardene on the Sri Lankan Government's latest offer of provincial autonomy for the Tamils.

Mr Appapilai Amirthalingam will be accompanied by Mr M. Sivasithamparam, Tulf party president, and another member of the party's politburo.

The Tulf leaders will concentrate on two issues, devolution details and powers to be vested in proposed provincial assemblies, said Dr Neelan Tiruchelvam, the only Politburo member living in Colombo.

In an interview Dr Tiruchelvam said "Tulf will press its claims for a Tamil liguistic region in the north and eastern provinces.

● Four persons, including a security guard, were injured when a bomb was thrown Thursday night at the Hotel Empress in Colombo where Tulf leaders usually stay when they visit Sri Lanka.

Royal Navy ships visit Shanghai

BY ROBERT THOMSON IN SHANGHAI

TWO Royal Navy ships returned yesterday to Shanghai in what is as much a military marketing exercise as gunboat diplomacy. The HMS Manchester, a destroyer, and the HMS Amazon, a frigate, docked in the shadow of the city's colonial skyline after the British Government had apparently satisfied the Chinese that the vessels were not carrying nuclear weapons.

British diplomats publically refuse to "confirm or deny," however, whether the ships are nuclear-armed. A planned call at Shanghai by a US warship last year was sunk after the Chinese demanded guarantees that the vessels carried no nuclear weapons, and Washington asserted that it never gives such guarantees.

The ships will be open for inspection in the next few days by Chinese naval officials, who are looking for equipment to upgrade their badly-run-down vessels, and representatives of several British companies, including British Aerospace, Marconi, and Paxman, will be on hand in the hope of sales.

The visit is the first by ships potentially carrying nuclear arms since the wrangle with the US, and also the first since an informal visit by British naval ships to China in 1980. It is also the first large-scale contact between the two navies since the Falklands war, and it is likely that Chinese officials will be briefed on the lessons learned during that conflict. At the time, the Chinese accused the British of "gunboat diplomacy."

Geevor's application for aid rejected

By Kenneth Marston, Mining Editor

CORNWALL'S loss-making Geevor tin mine at Pendeen has had its latest application for government aid turned down. The Department of Trade and Industry was not convinced that a viable project suitable for its section seven assistance would emerge from the company's application.

Last month, the DTI turned down the Cornish mine's earlier application for grants towards a £25m cost-cutting package, but Mr Peter Morrison, the Industry Minister, said he might consider revised proposals.

Mr Edward Nassar, the chairman who bought a 19 per cent stake in Geevor from Rio Tinto-Zinc in February, said yesterday that his commitment and that of the Jantar company—of which he is also chairman—to keep the mine dry was conditional upon DTI assistance.

If the mine is allowed to flood it is unlikely to be dewatered and reopened. Production was halted and workers laid off at the beginning of April because of the international fall in tin prices.

The Cornish tin industry's troubles stem from the collapse last October of the International Tin Council which ran out of funds for its price-supporting tin purchases. Prior to that, the metal was fetching £8,140 per tonne on the London Metal Exchange.

Since the collapse LME dealings have been suspended. Trading on the free market has seen sharply lower prices emerge, the current level being about £3,600.

This is far below Cornish mine production costs. Geevor needs some £8,000 to break even but was hoping to lower this figure to about £6,000 with a capital works programme aided by the DTI.

Pepsi message fizzes round globe

BY FEONA McEWAN

PEPSI-COLA, the multinational soft drinks group, has launched its first worldwide advertising campaign featuring Tina Turner, the raunchy queen of rock.

Ultimately 145 countries will see Ms Turner, all mouth, leg and pout, belting out the Pepsi message. "We got the taste for living . . . we got the taste for loving . . . we got the taste for Pepsi," she sings to a stadium crammed with doting Pepsi fans.

Pepsi's arch-rival Coca-Cola, whose UK advertising and promotions budget for 1986 is £15m, has pursued the global route since the 1960s. Its all-singing commercial called "Teach the World to Sing" which in 1971 topped the record charts in several countries, was one of the most successful in recent years.

Ms Turner, whose records have sold more than 15m worldwide, was chosen from a handful of international pop figures for her international appeal to the young audience Pepsi wants to dominate.

The commercials which have already been shown in Mexico and the Philippines will be given local flavour by featuring her in duets with various national pop stars. The Philippines, Thailand, Brazil and Puerto Rico have been selected for this "personalisation," which Pepsi claims is breaking fresh ground in global marketing techniques.

Tina Turner gives the flavour of the campaign

The connection with contemporary music has proved highly successful for Pepsi. Michael Jackson, signed up for commercial work in 1983, gave the company good mileage when it also sponsored his world tour. Next year it could do the same for Ms Turner's planned world tour. Another popular singer, Lionel Ritchie, has presented the face of Pepsi in the US.

Mr Drummond Hall, marketing director of northern Europe, said last year was the company's best. In 1985, Pepsi claims to have netted some £150m turnover at retail prices in the UK alone reflecting a general expansion in the soft drinks market.

The campaign, which has been devised by Ogilvy and Mather, the international advertising agency, is costing Pepsi-Cola some $20m (£13.2m) (including production costs, fees and media costs).

The UK campaign, which is launched on television on Monday night, is said to be worth £2m. Satellite television will beam the commercials into Europe. Press, cinema and poster advertising are also part of the campaign.

Though conceived in the US, the song at the heart of the campaign was written by a British songwriter, Mr David Dundas — whose catchy Jeans On number for Brutus jeans in the 1970s became a hit soon after it was launched.

Tunnel share placing delay 'because of bank queries'

BY ANDREW FISHER, TRANSPORT CORRESPONDENT

QUESTIONS RAISED by banks over construction contracts for the Channel Tunnel are responsible for the delay by the Anglo-French Eurotunnel consortium in raising £200m through a share placing, Lord Pennock, joint chairman, said yesterday.

He confirmed that the prospectus for the issue would now be delayed beyond the summer holidays, instead of coming out this month. He said: "Perhaps we over-estimated the ease with which this project would go through."

He also named several new outside directors, chosen to strengthen the board. They include Mr Michael Julien, who will step down as Midland Bank group finance director to become a full-time executive of Eurotunnel, concentrating initially on finance.

Lord Pennock said the 38 banks with which loan agreements were being completed had asked for clarification on technical points. Although the equity issue could still have proceeded, the consortium's financial advisers had said it would be better to sort out these details first.

The share placing, due initially on July 24, had been expected to raise £70m in the UK, £70m in France and £20m each in Japan, the US and the rest of Europe.

The founding shareholders—UK and French banks and construction and engineering groups—have already put in £28m of equity and have agreed to lend Eurotunnel further funds, likely to total several million pounds a month, until the placing occurs in September or October.

He said the four board appointments would provide a wider, stronger, robust board. At present it mainly comprises directors from the founder shareholders.

The new members, in addition to Mr Julien, are Mr Andre Bernard, former president of Shell France; Sir Alistair Frame, chairman of Rio Tinto-Zinc; and, Sir Nicholas Henderson, former UK ambassador and chairman of the consortium before it was chosen by the UK and France in January.

● The building of the Chunnel could provide 3,160 long term jobs in Kent by 1993, rising to 3,710 by 2003, provided the opportunities created were taken at the local level, said the Channel Tunnel Joint Consultative Committee, a Government-appointed body, in an interim report published yesterday.

Kent Impact Study: A preliminary Assessment; Department of Transport, Room S10/23, 2 Marsham Street, London SW1P 3EB; free.

UK NEWS

Lords study City bill changes

BY IVOR OWEN

CHANGES TO be initiated by the Government during the passage of the Financial Services Bill through the House of Lords will provide for the exclusion of transactions between commercially related companies.

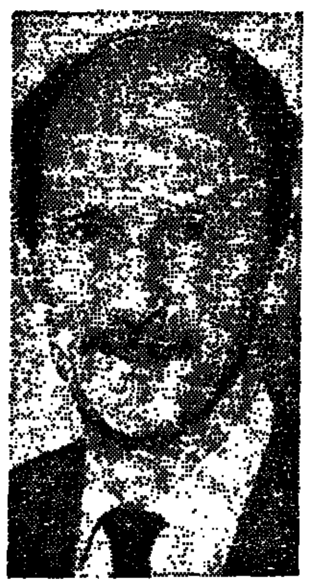
A government amendment will also extend the "own account" exclusion to transactions by a company on behalf of a commercially related company.

This emerged at Westminster yesterday after peers in all quarters of the House including Lord O'Brien of Lothbury (Independent), the former Governor of the Bank of England, and Lord Bordman (Con), chairman of the National Westminster Bank, joined in a general welcome for the bill which was given an unopposed second reading.

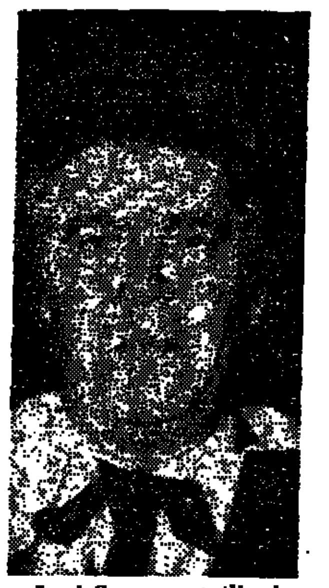
Lord Cameron of Lochbroom, the Lord Advocate, indicated that amendments to be introduced during the committee stage would include provisions dealing with:

- The position of corporate treasurers, corporate finance and wholesale money markets.
- The regime for the professions (to deal with the position of corporate and mixed practices).
- A provision to cable rules for prescribing capital requirements for authorised firms.

In spite of the general welcome given to the bill, ministers were left in no doubt that the committee stage is likely to be complex and protracted. Lord Wiliams of Elvel, who wound up the debate from the Labour frontbench said the Government was planning to table 250 amendments.



Lord Lucas of Chilworth: 'powerful persuasion'



Lord Cameron: outlined provisions

Lord Hacking (Independent) pressed the Law Society's claims in urging that the bill should accord professional bodies the same immunity from legal actions arising from their duties as it has already conceded for the Securities and Investment Board and self-regulatory organisations.

When pressed to state the Government's attitude, Lord Lucas of Chilworth, Under-Secretary for Trade and Industry, said "that a good deal of very powerful persuasion" would be needed to secure such a change.

Apparently anticipating the possibility of government defeats at the committee stage, he said the door, if not open could perhaps be described as being ajar "if it happened to creep through."

Lord Williams warned that the growing involvement of "litigious" US investments banks in the City meant that the legal immunity which it was proposed to give the SIB and SROs was likely to come under challenge in foreign courts.

He also questioned whether the bill would need to be amended so management of investment portfolios was not only separated by so-called "Chinese walls" but by different ownership of the licensed concern.

Lord O'Brien admitted to being among the "old hands" in the City who were anxious about whether the Chinese walls would remain — as they should be — "unscaled".

A great deal would depend, he said, upon those employed in the concerns in question. It would surprise him if they did not prove equal to the challenge.

Earl Buchan (Independent) speaking on behalf of the Stock Exchange, stressed its concern over the dissemination of information. He said: "It may not think that it can easily continue to run an efficient, unfragmented and honest market if it were compelled by statute to provide its own prices to operators of commercial information networks."

Lord Roll of Ipsden (Ind) said that without legal immunity, SROs would not have been able to recruit practitioners of the right experience and standing.

Lord Wolfson (Con) suggested that there should be more frequent audits of computer-based transactions — which were growing — as an additional protection against fraud.

Edinburgh games expected to break even

By Richard Evans

THE COMMONWEALTH Games, beset by a boycott by Nigeria and Ghana and at one time by financial problems, are likely to break even.

Mr Robert Maxwell, publisher of Mirror Group Newspapers and chairman of the Commonwealth Games Company, said at an Edinburgh press conference yesterday: "We are going to be able to pay all the bills."

Further sponsorships will be announced in the next few days and a fresh appeal for £1.5m is to be launched in London on Monday. The games, to be opened in Edinburgh on July 24, will cost more than £14m, all of which has to be financed privately.

Mr Maxwell believed the games would be the biggest and most successful ever, in spite of the boycott by black African states.

"The recent news about the withdrawals has not diminished the success we are having in getting more sponsors for these games. The demand for tickets has gone up, and I am sure there will be a sell-out." he said.

He was "very hopeful" that other nations and teams would refuse to join Nigeria and Ghana in their protest at British policy over South African economic sanctions.

In a plea to keep international politics out of the games, he added: "These are not Mrs Thatcher's games. They are the games of the British Commonwealth. Fifty nations are involved and any leader or politician who tries to use these games to secure points is really scoring own goals against their nationa athletes.

- Mirror Group Newspapers claimed yesterday that it had halted the decline in the circulations of its three national titles, the Daily Mirror, the Sunday Mirror and The People.

Mr Patrick Morrissey, MGN managing director, said that ABC circulation figures for January to June, expected later this month, would show that the circulations of all three newspapers had increased. We think we are now able for the first time to give evidence that the tide has turned," he said, adding that the Daily Mirror's January to June average circulation would be 3.05m compared with 3.03m for the previous six months. There would also be smaller but significant gains for the Sunday papers.

Mr Morrissey said the group's gains were against the trend in the popular newspaper market which as a whole had declined during the first half. The Daily Mirror's June circulation was up 276,000 on "our bleakest month"—December 1985.

"We are very confident that MGN is going to recover the lead in popular journalism in this country," he said.

Commonwealth Games, Weekend FT, Page XVI

Societies' liquidity lowest for 12 years

BY NICK BUNKER

BUILDING SOCIETIES last month drew about £720m from their liquid funds to meet heavy mortgage demand, cutting the industry's average liquidity level to its lowest percentage figure since spring 1974.

Societies hold liquid funds in the form of gilt-edged securities or local-authority debt as a cushion against heavy withdrawals from investors, or to meet peaks in mortgage commitments.

Official figures issued yesterday by the Building Societies Association show that the percentage of the industry's assets held in liquid form fell from 17.3 per cent in May to 16.6 per cent last month. The liquidy ratio has averaged 17 per cent to 20 per cent over the past six years, and was last at 16.6 per cent 12 years ago.

Last month's sharp fall in liquidity reflects recent poor net recipts from savers and the industry's strategic decision to scale down liquidity this year to release funds for mortgage lending.

The association said net receipts from investors last month were £177m, the lowest figure for nearly two years and nearly £600m less than the April figure of £756m.

The association blamed this on competition from National Savings products and the Thames Television flotation, and on the June 1 cut in societies' savers' rates.

Mortgage lending, however, again hit record levels, with approvals for new loans reaching £3.9bn, up from £3.8bn

Mr Terry Carroll, finance director of National & Provincial, the seventh-largest society, said: "Mortgage lending is now running at too high a level in relation to net retail receipts. The result is that societies have run down their liquidity."

Leading societies, including National & Provincial and Abbey National, the second-biggest, have targeted liquidity ratios to fall to 15 per cent by the year's end.

Mr Carroll said this was because the marginal return from mortgage lending was higher than that from liquid funds invested in securities.

Falling net receipts from investors have prompted top societies this week to raise to 8 per cent net of basic rate tax the interest rates on top investment accounts.

Leading societies also voiced concern that continuing poor inflows from savers could mean a rise in the mortgage rate.

Top seven tour operators 'hold 66.2% of market'

BY JAMES McDONALD

BRITAIN'S TOP seven overseas package tour operators handled 66.2 per cent of the total market at the end of June, according to estimates by Exchange Travel, the travel agency.

On the basis of its operations it assesses that Thomson Holidays, the market leader, had a 22.2 per cent share of the market at the end of June, compared with 28.5 per cent share at the end of January.

The International Leisure Group, including Intasun, the second-biggest operator, had a 19.8 per cent share of the market at the end of June, compared with 21 per cent at the end of January.

The Horizon group, third in the package operators' league, achieved a 7.3 per cent share of the market at the end of June, as against an 8.3 per cent share at the end of January.

British Airways' package holidays, ranking fourth in size, showed an increase in its market share from 3.1 per cent at end-January to 5.4 per cent at the middle of this year.

The remaining three leading tour operators are Grecian-Best, Cosmos and Yugotours. All three had market shares ranging from 4.2 per cent to 3.2 per cent at the end of June.

Direct-sell operators are not included in Exchange Travel's totals and assessments. It said: "These percentages would be influenced downwards if the totals sold by direct-sell companies were included."

Tensions in Ulster rise on eve of marches

By Hugh Carnegy in Belfast

THE TRADITIONAL July 12 marches by thousands of Northern Ireland loyalists today pose an important test for unionists and the Government in the eight-month-old conflict over the Anglo-Irish agreement.

The main police and British army concentration will be at Portadown, County Armagh, where the Rev Ian Paisley, leader of the Democratic Unionist Party, has called on loyalists to gather in strength to protest against a ban on local Orange lodges marching through the Catholic "tunnel" area.

Tensions surrounding the parades in Portadown, where 27 policemen were injured during a march last Sunday, were heightened when Mr Paisley staged a demonstration by about 4,000 militant loyalists early yesterday in the village of Hillsborough, County Down, where the Anglo-Irish agreement was signed last November.

Fears of sectarian attacks by loyalists have been raised by the killing of two soldiers and a policeman by the IRA in the past week, the sectarian shooting of a Catholic workman and other violent incidents, including the stoning of two policemen's houses in Portadown and several attacks on Catholic homes.

Mr Nicholas Scott, the Northern Ireland Office Minister, dismissed the Hillsborough incident as a deplorable stunt which would not change government policy "one inch." But the fact tht such large numbers could be mobilised apparently without the Royal Ulster Constabulary knowing in advance underlines the difficulty of controlling the marches which continue on Monday.

The July 12 marches, which commemorate the victory at the Battle of the Boyne in 1690 of the Protestant William of Orange over Catholic King James II, are being treated this year as an opportunity to protest against the London-Dublin accord. The policy of rerouting parades away from Catholic areas started before the agreement but seen as the clearest example of Dublin influence over northern affairs, has given an added edge to loyalist anger.

The Government is determined to "hold the line" to break the back of Unionist opposition to the agreement. If it succeeds, it will be a blow to Mr Paisley who has staked his position by leading the attack in recent days.

Already there are signs of serious cracks in the pact between the Democratic Unionists and the Official Unionist Party. The OUP was not informed of the Hillsborough march, and its leaders are nervous of Mr Paisley's increasingly independent and militant line. Yesterday Mr James Molyneaux, OUP leader, Mr Harold McCusker, his deputy, and Mr Martin Smyth, Grand Master of the Orange Order, held talks at RUC headquarters to try to find ways of defusing the situation in Portadown.

More than 100,000 marchers are expected to turn out at 19 main Orange Order parades across the province today, the biggest in Belfast city centre. But trouble is most likely in Portadown, where re-routing led to violence last year, and nearby Dunloy in County Antrim

SE backs technology project

By Alan Cane

THE LONDON Stock Exchange took a further step this week to provide members with the technology required for trading in the electronic marketplace.

It is collaborating with Shearson Lehman Messel, the financial services group owned by American Express, and the UK subsidiary of IBM, the world's largest computer manufacturer, in research to establish what technology the securities industry will need in future.

The aim of the nine-month project will be to find how securities dealers operate, the kind of information they use and how they obtain it by studying SLM's trading operations in New York, London and the Far East.

The exchange described the research as "akin to anthropology. It will be a study of dealers and their habits."

The exchange and its collaborators want to know how the development of global trading wil affect dealers' technological requirements.

It says: "The study will focus on international operational requirements, how these are likely to change and what technical services will be needed in future to provide appropriate information and decision support for the "front office."

The Stock Exchange already provides technical services to its members through its "Topic" information service and its computerised settlement procedures.

After the Big Bang, the restructing of the financial services sectors due on October 27, the exchange will provide market price information through an automated quotations service (SEAQ). It plans to offer an automated small order execution system and a block order exposure system after August 1987.

Individual market-makers and dealer-brokers have been building in-house systems to process and transfer information from more than 200 sources. The study is expected to result in a system which could be offered to members and would be indirect competition with existing in-house systems.

Docks bill vote shrugged off

BY PETER RIDDELL AND ANDREW FISHER

THE GOVERNMENT was yesterday shrugging off its defeat on Thursday evening in the House of Lords over an amendment to the bill introducing commercial management into the Royal Dockyards at Devonport and Rosyth.

The amendment, moved by Lord Denning, was approved by 71 votes to 53 it gives unions specific rights to consultation with private companies seeking to operate the yards.

Senior ministers argued that the amendment presented no difficulties, although the unions and opponents of the bill have maintained that the result will be to delay implementation until after the next general election.

Mr Michael Harte, head of the dockyard planning team at the Ministry of Defence, said: "We're not cast down in gloom and despair, thinking the whole thing has been written off."

Companies in the running to manage either of the yards said they would be putting in their bids in a few weeks, as planned. The Government is expected to make its choice in November, with the seven-year contracts due to start next April.

The Government maintains that the consultation rights which were the subject of Lord Denning's amendment had anyway existed under present arrangements and that putting them in the bill would make no difference.

Thus ministers are unlikely to seek to reverse the change when the bill returns to the Commons at the end of next week. On this view, there should be no hitch in the programme to privatise management—although not ownership—of the two yards.

But Mr Denzil Davies, the shadow Defence Secretary, called on the Government to abandon the bill after what he called the "humiliating" Lords defeat.

Mr Allen Smith, the Babcock International executive, heading its consortium bid with Thorn EMI to run Rosyth in Scotland, said he was "greatly disappointed at another hiccup in the passage of the bill through the Lords."

However, the group would still bid to run the the yard. Also in contention are Press Offshore and a consortium of Balfour Beatty and Weir Group. The bidders for Devonport, in south-west England, will be the present management and a consortium of Vickers Shipbuilding and Foster Wheeler, of the US.

Urban Programme tops £300m

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

MORE THAN £300m was spent last year on some 12,000 projects within the Government's Urban Programme designed to help poor inner-city areas in England.

The Urban Development Grants included in the programme also helped create nearly 20,000 jobs and 3,727 houses and flats.

Cities assisted under the programme included Birmingham, Liverpool, Manchester, Newcastle and the London boroughs of Hackney, Islington and Lambeth.

A total of £127m was spent on Partnership Programmes in these areas, tackling economic, environmental and social problems.

Up to 37 per cent of this money was spent on economic programmes, which included environmental and infrastructure works as well as projects to encourage enterprise and help existing concerns cope with the special problems they encounter in inner-city areas. These problems include inadequate sites, run-down buildings and a poor environment.

The urban programme has also included projects such as restoring Roman forts in South Shields, Manchester and Wallsend to create new tourist attractions, developing the Black Country Museum and helping fund the Stoke Garden Festival.

The Urban Programme also includes grants to help promote new economic activity in urban areas by encouraging private-sector investment that would not take place without government aid.

No fewer than 181 projects were offered urban development grants up to March 1986, representing grant aid of £85.4m and private investment of £354.7m—a gearing ratio of 1:4.2 public to private investment.

This investment helped create 19,502 jobs and 3,727 new homes as well as the re-use of 540 acres of derelict land.

*The Urban Programme 1985, a report on its operation and achievements in England. Published by the Department of the Environment.

Output of cars and commercial vehicles falls

By Kenneth Gooding, Motor Industry Correspondent

CAR AND commercial vehicle production dropped sharply in this first half compared with the corresponding period last year, according to Trade and Industry Department provisional estimates.

These show car output fell by 8 per cent, on a seasonally-adjusted basis, from 534,000 in the previous first half to 491,000.

This was in spite of car registrations running at a record level, in this first half rising, by 2.23 per cent, to 964,706.

Car production last month was 87,000 against 92,000 in June last year. However, the department says the June total was close to the average level for last year, which recorded the highest annual figure for six years.

First-half commercial vehicle output was held back by introduction of the new version of Ford's Transit.

First-half commercial vehicle production fell by 17 per cent, from 135,900 to 112,800 units. Last month 22,100 commercials were built, compared with 26,600 in the corresponding month last year. This was the industry's best performance for nine months.

Tories join Labour MPs to attack EEC budget

BY PETER RIDDELL, POLITICAL EDITOR

THURSDAY'S EEC budget agreement was criticised in the Commons yesterday by leading Tories as well as by Labour MPs. They said the attempt to impose financial discipline had failed and further increases in spending were inescapable.

Mr Peter Brooke, Treasury Minister of State, confirmed in a Commons statement that the budget used up all the resources within the 1.4 per cent so-called VAT ceiling, and, also, a surplus carried forward from last year. The ceiling is a contribution formula based on a common basket of goods and services in each country.

He several times sought to reassure that the ceiling could not be raised and that the abatement received by the UK could not be altered without further negotiations involving British ministers' agreement.

He said the agreed budget meant a cut of £250m compared with proposals last autumn and that the agreement had positive features.

Britain expected to receive a significant share of the extra provision for structural funds well in excess of the VAT share, while the UK's net contribution to the 1986 budget should be substantially lower than was implied by last autumn's budgets.

However, Opposition spokesmen and Tory backbenchers were highly critical. Dr Oonagh McDonald, a Labour spokesman on Treasury matters, said the settlement could not possibly last out this year. She predicted a further financial crisis next year. She said there had been a complete breakdown of budgetary discipline.

Sir Edward du Cann, a prominent Tory critic of the EEC, said there was "no budget discipline, agricultural expenditure is out of control and additional funds which are supposed to last many years have run out in less than a year."

Mr Teddy Taylor, a Tory, said budgetary restraint was a sick joke. He too, predicted further budgetary crisis.

About the only support Mr Brooke received came from Sir Russell Johnston, a Liberal MP, and from Mr Hugh Dykes.

Plant for plywood car to open

BY VIC TAPNER

A PILOT plant for the production of the Africar, an innovative plywood vehicle designed largely for third world markets, is to open in Lancaster on Monday.

Africar International, a company set up to manufacture and market the multi-purpose car, will produce 250 sample vehicles at the plant by December as the last stage of a five-year research development programme representing about £3m in private investment.

The company plans to take the car into full production in about 10 months, and to produce vehicles at the rate of 5,000 a year with a 200-strong workforce by the end of 1987.

Africar International hopes to set up about 20 plants around the world in the next five years operating under a manufacturing franchise system. The system overcomes the problem of import restrictions on vehicles and vehicle kits in countries with foreign exchange shortages.

Export agreements worth an initial £1m each have been signed with companies in Pakistan and Bangladesh. The companies will have the option of manufacturing the Africar under franchise.

An agreement in principle has also been reached with an Australian timber group to partly manufacture the vehicles for southern Pacific markets. Distribution agreements have been signed in West Germany and the Netherlands.

The vehicle has been designed by Mr Tony Howarth, managing director of Africar International, for use in rugged conditions as well as on standard roads. Its body and chassis are made of plywood soaked in epoxy resin using a technique common to boat-building. Body panels are changeable, so vehicles can be adapted for different uses such as pick-up trucks, ambulances and mini-buses.

Africar will be marketed internationally by mail order catalogue. Twelve sales depots are planned in the UK, with showrooms and spare parts outlets. Prices will range from £5,000 to £6,000 for a four-wheel-drive pick-up to more than £10,000 for a 14-seater minibus.

Plaid Cymru calls for Severn barrage inquiry

BY ROBIN REEVES, WELSH CORRESPONDENT

A GOVERNMENT assurance that construction of the proposed Severn Estuary tidal barrage for electricity generation will not proceed without a full public inquiry has been called for by Plaid Cymru, the Welsh Nationalist Party, which is strongly opposed to the scheme.

Approval of a £4.2m detailed investigation of the technical feasibility of a barrage between Weston-super-Mare and the Welsh coast proposed by the Severn Tidal Power group—a consortium of leading engineering and construction companies—was announced this week. The current barrage cost is put at £5.5bn but is expected to rise by £17.5m

In a letter to Mr Nicholas Edwards, the Welsh Secretary, Ms Sian Edwards, the party's energy spokeswoman, said a public inquiry was essential because the scheme could threaten Welsh coalfields, the identity and economic future of south Wales and cause environmental problems.

French group to build up to 20 hotels

By Phillip Halliday

ACCOR, the French hotel and restaurant group which last year acquired and restructured Luncheon Vouchers, announced yesterday that it would extend its British operations by building up to 20 hotels in this country.

The company, created in 1983 from the merger of Novotel and Jacques Borel International, said seven hotels would be completed by the end of 1988 and construction had begun on sites at Euston, London and Manchester.

Accor had taken a conscious decision to expand outside France and the UK was particularly inviting, the company said.

The UK hotel market was going through a period of change and old small hotels were being replaced by larger standardised buildings sited outside city areas and increasingly patronised by travelling businessmen.

Accor, which operates more than 500 hotels in 70 countries with an annual turnover of more than FFr 11.8 bn (£1.1 bn), reported a 25.5 per cent increase in net consolidated earnings to FFr 178.2m (£168.4m) for 1985.

ECONOMIC DIARY

TODAY: Mrs Margaret Thatcher visits British Day at Expo 86, Vancouver.

TOMORROW: Department for National Savings monthly progress report for June. Mrs Thatcher in Montreal.

MONDAY: June provisional producer price index numbers. Mr Eduard Shevardnadze, Soviet Foreign Minister, starts two-day visit to UK. EEC farm ministers start two-day meeting, Luxembourg. Bastille Day.

TUESDAY: Gatt council reviews Mexico's request for membership, Geneva. Index of output of the production industries for May.

WEDNESDAY: June cyclical indicators for the UK economy. Public sector borrowing requirement for June. Mr Neil Kinnock, Labour Party leader, addresses Royal Commonwealth Society on South Africa. Swedish and Danish ministers meet at controversial Barseback nuclear power station on Swedish coast. Lufthansa annual meeting, Cologne.

THURSDAY: Labour market statistics: Unemployment and unfilled vacancies (June provisional); average earnings indices (May provisional); employment, hours, productivity and unit wage costs; industrial disputes. London sterling certificates of deposit for June. UK banks assets and liabilities and the money stock for mid-June. By-election at Newcastle-under-Lyme. Falkland Islands Development Corporation reports on first year of operation. British Airports Authority annual report. Rank Organisation interim results. Boots annual meeting.

FRIDAY: CBI/FT survey of distributive trades for end June. European disarmament conference ends 11th session, Stockholm. European Commission holds its first "Meeting of Reflexion," Lancaster House, London.

Vauxhall prepared to sacrifice sales in drive to regain profitability

BY JOHN GRIFFITHS

ALL VAUXHALL actions for the rest of this year and in 1987 will be aimed at returning the company to profitability, "even if this means giving up a little of our market share," according to Mr John Bagshaw, chairman and managing director of General Motors' UK cars subsidiary.

Mr Bagshaw's remarks mean that UK car company chiefs have stressed twice within a week the need for a return to profitability, even if this is done at the expense of unit sales. During the launch of Austin Rover's new flagship 800 model, both Mr Graham Day, Rover Group (formerly BL) chairman, and Mr Harold Musgrove, Austin Rover's chief executive, said that profitability had now to take precedence over sales volumes.

Meanwhile, Ford and Austin Rover in the past few days have each announced new sales campaigns aimed specifically at consumers rather than offering unit sales bonuses to dealers.

All these developments provide a tentative indication that the manufacturers are now determined to bring disorderly marketing under control for the first time since heavy discounting and dealer incentives began in earnest in 1980-81.

Mr Bagshaw, who was appointed to his post at Vauxhall in February after spending just over two years with Vauxhall's sister company Opel in West Germany, said that like Vauxhall's GM parent, "I am runing out of patience."

"All the things we have done in this market . . . and yet we're continuing to make losses."

Most notably, he was referring to the fact that Vauxhall's UK market share has doubled to about 16 per cent since 1981, just after Mr Bagshaw first joined Vauxhall as marketing director, charged with merging the then-separate Vauxhall and Opel dealer networks.

As for why Vauxhall, lost a record £47.4m, after forecasting in 1984 that it would break even last year, Mr Bagshaw said the fault lay, "in a little bit of everything." This included the heavy costs now being borne by all the volume makers in car marketing, like dealer bonuses.

He emphasised, however, that the problems of inadequate profitability in the UK market were shared by Austin Rover and Ford. The question that had to be asked, was how much longer General Motors would be prepared to continue investing in the UK in the absence of worthwhile financial returns.

The sales campaign unveiled by Ford for its Sierra this week provides a pointer to the thinking of all three of the UK's volume producers, since it is aimed much more at selling the product and services than making an appeal pitched directly on price.

A comprehensive maintenance package, covering all service, maintenance and parts—including replacement items like battery, clutch and exhaust—is included in a three-year purchase plan entailing a 20 per cent deposit and carrying only a 4.9 per cent finance rate.

Austin Rover is offering a scheme on its Maestro model involving a down-payment equivalent to three monthly payments, a low monthly payment for two years during which all repairs and maintenance are covered—with the buyer having the option of either handing the car back after two years or acquiring it for a further single payment.

John Bagshaw

Former head of CPSA to attend TUC meeting

BY PHILIP BASSETT, LABOUR EDITOR

MR ALISTAIR GRAHAM, outgoing general secretary of the Civil and Public Services Association, is to attend the TUC General Council later this month although he will be director of the management-union Industrial Society by then.

Mr Graham's planned attendance at the meeting on July 23, as head of an organisation which is not only not affiliated to the TUC, but also one with which the TUC has had an uneasy relationship, is thought to be unprecedented and is likely to prompt objections from other General Council members.

Mr Graham left office as CPSA general secretary at 4 pm yesterday and takes over on Monday at the Industrial Society. His resignation from the CPSA led to the controversial election for his successor.

Under TUC rules, the CPSA has an automatic seat on the General Council and, once installed at the TUC's annual Congress in September, the holder has the right to keep the seat until the next Congress—which this year is in Brighton.

Mr Graham has written to Mr Norman Willis, TUC general secretary, informing him of his intention to attend the meeting even though by then he will no longer be representing the CPSA.

However, he makes it clear that he will not attend the August meeting, although he appears to be entitled both to do so and, indeed, to sit on the Congress platform in September as an outgoing General Council member.

He says that the CPSA will return to the General Council in September and says that the incumbent will be the union's general secretary, even though it may still not be clear who that is given the expected timetable of the union's inquiry into the ballot.

While there have been previous cases of union leaders remaining on the General Council until the following Congress after they have retired or resigned from their unions, the idea of an ex-general secretary who now heads another organisation attending a meeting is thought to be unprecedented.

Macreadie court action adjourned until Monday

BY OUR LABOUR CORRESPONDENT

THE HIGH COURT action brought by Mr John Macreadie, the Militant Tendency supporter elected CPSA general secretary but barred from office, was yesterday adjourned until Monday.

After agreeing to the adjournment Mr Macreadie made it clear he would not now carry out his threat to defy the order of the union's national executive committee by reporting for duty as general secretary as scheduled on Monday morning.

He said his change of heart was prompted by a warning of disciplinary action against CPSA staff who supported him. "I don't want to put people in the position where their jobs are on the line."

The warning of disciplinary action is seen by Mr Macreadie to be contained in a letter to staff from Mr Alistair Graham, outgoing general secretary, and Mrs Marion Chambers, president, telling them they are required to comply with the executive's instructions.

The letter say: "There may be attempts to persuade you to join in arrangements which would involve defying the NEC. You should ignore any attempts to do this."

The High Court action, before Mr Justice Vinelott, was adjourned to allow the CPSA more time to prepare its defence. Both sides hope on Monday to be able to begin a full hearing of Mr Macreadie's challenge of the executive's right to bar him from office pending investigation of complaints about his election victory.

Limit sought on pickets at Wapping

By Helen Hague, Labour Staff

NEWS INTERNATIONAL, the newspaper publishing group, has cited a legal victory won by working miners during the pits strike in support of its claim for a ban on demonstrations by print unions outside its plant in Wapping, east London.

Counsel for Mr Rupert Murdoch's group told Mr Justice Stuart-Smith in the High Court in London yesterday that News International employees were entitled to the same protection as working miners.

He cited a case last year in which working miners in south Wales won a High Court ruling that intimidation by pickets was a civil law wrong and could be stopped by an injunction.

News International, five of its subsidiaries and an advertising manager on The Times are seeking injunctions banning print unions Sogat '82 and the National Graphical Association and six named Sogat officials from organising anything but a six-strong picket

The judge adjourned the hearing

● Purnell and Sons, a subsidiary of Mr Robert Maxwell's British Printing and Communications Corporation, based near Bristol, yesterday sent severance pay to members of the engineering workers union, AUE, the electricians union, EETPU and Sogat.

NUR backs secret ballots for executive

BY OUR LABOUR CORRESPONDENT

THE National Union of Railwaymen has brought its election procedures in line with the Trade Union Act 1984 after being warned that unless it did the union risked "destruction."

Delegates to the NUR's annual conference in Weston-super Mare, meeting in closed session, this week voted unanimously to change union rules to provide for secret individual ballots in national executive committee elections.

Conference also voted unanimously to commission an independent report on its future structure, role and responsibility, as well as the union's national and divisional officers, district councils and branches.

The move to comply with the act followed complaints to the Certification Officer, the Government official who oversees union affairs, about the NUR's executive elections last autumn. The elections, for one-third of the executive seats overlapped the date on which the act took effect on October 1.

The Certification Officer found that the elections breached the act because they were conducted on the branch block voting system and voting was done by show of hands.

In anticipation of this week's conference decision, the NUR agreed to re-run the elections this year in accordance with the act and alongside voting for further executive seats. This means two-thirds of the executive will be chosen by a ballot in the autumn.

In the resolution carried by conference, the executive said there was "no other realistic option or alternative available to the union, other than to amend the rules if further consequences and penalties are not to be invoked through the courts."

It warned: "Not to do so would, in our view, not only weaken the union's position, but could potentially lead to its destruction and threaten its very existence."

The NUR's decision to review much of its structure reflects an awareness of the need to keep pace with the rapidly changing nature of the railway industry and the other sectors in which the union is represented.

Excluded from the review will be the executive committee and the union's conferences for membership grades. These were dealt with by an earlier report commissioned in 1978, reviewed in 1984 and due for further assessment in 1990.

TUC council member criticises support for Labour

BY OUR LABOUR EDITOR

THE STRESS laid by TUC leaders on securing the return of a Labour government is a "hopelessly inappropriate" policy, according to Mr John Lyons, general secretary of the Engineers' and Managers' Association and a member of the TUC General Council.

Mr Lyons's remarks, made in a speech earlier this week in Cambridge but released only yesterday, form the first detailed exposition of his thinking on industrial issues since he become the first union secretary to join the Social Democratic Party at the end of last year. Much of his Cambridge speech is in line with SDP policy.

He acknowledges there is little he or anyone else can do to alter the TUC's position before the next General Election, although he insists that unions and industry must break away from hostile relations.

He advocates proportional political representation—a keynote of SDP/Liberal Alliance policy—as the only method which in practice would provide such a break with historical practice. He makes it clear that he now regards this as a much more fundamental issues than either Britain's industrial relations or its international performance.

Proportional representation, Mr Lyons argues, would force both the TUC and the CBI to abondon the political parties which sometimes bring them power and would force them to address the broad middle-ground.

With the relegation of their political links, the TUC and CBI could then emulate the practice operating in companies where where both sides of industry join together to combat outside forces. They could unite to act against any government which failed to promote industry's general interests.

Among the issues the two sides could tackle in this way would be the reduction of the Treasury's power over the economy, the need to strengthen the Department of Industry, the need for a sustained government programme of infrastructure investment and for the requirements of industry to be given priority over those of the City.

Mr Lyons satys: "My point is that we simply cannot afford the luxury of these ideological see-saw games with our rapidly contracting industrial base."

Mine unions to boycott NCB talks

By Our Labour Staff

THE Union of Democratic Mineworkers is to join three other mining unions, including the National Union of Mineworkers, in a boycott of talks with the National Coal Board on a new consultative process.

The executive committee of the UDM, which claims to represent 35,000 miners, has decided not to attend the talks next Tuesday because 6,000 of its members have still not been paid a £5.50 a week wage rise backdated to last November.

The talks were called by Sir Ian MacGregor, NCB chairman, in an effort to establish new consultation machinery before he retires at the end of August. The NUM, the clerical union Apex, and the pit supervisors' union, Nacods, have all declined to attend. The British Association of Colliery Management said it had not been invited.

The UDM wants its own meeting with the full NCB board to negotiate a bilateral conciliation scheme as a first step to winning the pay rise for its members in areas dominated by the NUM, which has not yet agreed a wage deal.

Risley dispute over

THE WEEK-LONG dispute over staffing levels at Risley remand centre, Cheshire, was settled yesterday when women prison officers accepted terms for a return to normal working.

APPOINTMENTS

Louis Dreyfus changes

Mr John Brady has been appointed chairman of LOUIS DREYFUS TRADING and Mr Alistair J. Dickie is being transferred from the Paris head office to become managing director from August 1. The following changes have been made to the board of R. J. Seaman and Sons following its acquisition by Louis Dreyfus Trading: Mr Brady has been appointed chairman in place of Mr A. V. Collins who remains a non-executive director. Mr David Hall has been appointed managing director in place of Mr J. T. Gray who has retired. Mr Dickie and Mr John Peirson have been appointed directors.

★

DEN NORSKE CREDITBANK, London office, has appointed Mr Richard J. Keisner to director in the shipping and offshore department, and Mr Paul E. Stevenson to director in the investment banking division.

★

Mr Michael Gardner has been appointed managing director of WILLIAMS LEA COMMUNICATIONS, a subsidiary of the Williams Lea Group, and the Rev Bill Penney becomes chairman. Mr Gardner was previously financial director of the group's financial printers, Williams Lea and Co.

★

NEEDLERS, Hull, has appointed Mr Brian Whittle as chief executive. Mr Raymond Needler, who was managing director, will remain non-executive group chairman.

★

Mr Barry Skipper has been appointed non-executive chairman of WHITWORTH'S FOOD GROUP, a Booker company. Mr P. D. Clayton and Mr M. C. Fisher have joined Whitworth's as managing director and finance director respectively. Mr A. H. Noble and Mr C. P. Johnson have been appointed non-executive directors. Mr I. S. Stowe remains an executive director. Mr T. N. Holt, Mr C. T. Mannering, Mr P. C. Aspinall and Mr T. W. M. Bayliss have resigned from the board.

★

The Industry Secretary has reappointed Mr James W. Maingay as a part-time member of the board of BRITISH SHIPBUILDERS. The reappointment will be for two years from July 9. Mr Maingay is a Dutch naval architect and marine industries consultant. He is currently a board member of the Institute for Shipping and Shipbuilding, Rotterdam.

★

BRITISH COAL'S new marketing director for London and southern sales region is Mr John B. Nettleton, former NCB head of domestic sales. He succeeds

NATIONAL STARCH AND CHEMICAL CORPORATION has elected Mr Douglas A. Corbishley as vice-president of European operations. He was divisional vice-president responsible for the organisation of operations on the Continent. He will be based at Beaconsfield, Bucks.

★

Mr Peter Dicken has been appointed managing director of DACIA CONCESSIONAIRES, UK importer of Romanian-built four-wheel drive light commercial vehicles. He will continue as finance director; he takes over from Mr John Samm. Mr Peter Payne and Mr James Asprey have been appointed deputy managing directors.

★

J. H. MINET AND CO has appointed Mr Peter Carmichael to the board.

★

CLARKSON PUCKLE GROUP, part of the Dalgety Group, has appointed Mr David A. King as managing director of Clarkson Puckle International Benefit Consultants.

★

THE LAW DEBENTURE CORPORATION has appointed Mr Kenneth A. Graham as a director of its subsidiary the Law Debenture Trust Corporation.

★

EVERED HOLDINGS has appointed Mr Timothy Grimes as company secretary to the group.

★

Mr Barry Kirby has been appointed to the main board of Lloyd's broker JARDINE GLANVILL (UK). He is deputy managing director of the company's London division.

★

Mr Koyu Ishii, general manager of the London branch of YASUDA TRUST AND BANKING COMPANY is returning shortly to head office in Tokyo, where he will become general manager of the new international credit analysis department. He is succeeded by Mr Hidekazu Hirayama, deputy general manager, latterly of the recruitment and training department—head office.

★

CARADON has appointed two additional non-executive directors — Mr R. A. Wheeler, the chairman of Myson, and Mr C. M. Thompson, the chief executive of the Rentokil Group. Mr D. C. Cohen, previously finance director of Courage, has been appointed finance director. In addition to the above, the board of Caradon, under the chairmanship of Mr A. P. Hichens of Consolidated Gold Fields, now consists of Mr P. J. Jansen, managing director, Mr A. D. Heeks, executive director, Mr S. W. Curran of Candover Investments, and Mr M. K. Collins of

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Telephone: 01-248 8000

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Message from Mr Volcker

IT IS now official. The US economy is running out of steam. To get it moving once again, a conscious push from government poli cy will be needed. If the US's trading partners wish to cling to their true religion of monetary targeting and government nonintervention they are welcome to do so, but their exporting industries could soon become the cannon fodder in a war of competitive devaluation which the US is determined to win. When the US Federal Reserve Board cut its discount rate from 6.5 per cent to 6 per cent on Thursday, its unusually assertive explanation was as important as the action itself.

The Fed made no attempt to hide its neo-Keynesian intent under a monetarist bushel. Instead of claiming, as it often does, that it was merely going along with money market pressures, the Fed went out of its way to state that its cut was only partly a response to falling market rates. The need for further action stemmed from slow growth in GNP and absence of capacity constraints in the industrial economy—two typically Keynesian indicators of real economic performance of the kind which the monetarist revolution had hoped to excise entirely from the vocabulary of the central banks.

In itself, there might have been nothing too remarkable about this statement, since the Fed has for several years been a distinctly half-hearted member of the nominally monetarist central banking fraternity. What was genuinely unusual about last Thursday's statement is that the US central bank went much further—referring to sluggish growth prospects and surplus capacity not only in the US, but in the rest of the industrialised countries as well.

Serious message

Central bankers regard themserves as members of an exclusive brotherhood, dedicated first and last to the preservation of sound money. Their comments on each other's policies are usually confined to mutual admiration. If they do make criticisms, it is almost invariably to urge further tightening or restraint. Had it come from any central banker less powerful and distinguished than Mr Paul Volcker, the Fed's chairman, any such hint that other members of the fraternity should actually relax their policies, would have been regarded as a clear breach of etiquette.

It can safely be assumed, therefore, that Mr Volcker meant to convey a serious message when he went to the trouble of drawing his international colleagues' attention to the softness of their own economies. The implications of this message will reverberate around all the world's financial markets, including those in Britain, during the months ahead.

The most important recipients of Mr Volcker's message are, of course, the monetary authorities in Japan and West Germany. Both the Bundesbank and the Bank of Japan have rejected in uncompromising terms any suggestions of coordinated cuts in their own interest rates to accompany the Fed's action. But, after a decent face-saving interval has passed, a small reduction in the Japanese and West German discount rates, both of which currently stand at 3.5 per cent, would seem to be inevitable.

Bumpy ride

A more important problem than loss of face will arise, however, if and when the West German and Japanese rates are reduced to the 3 per cent mark. For it is hard to imagine official interest rates in either country falling much beyond this point, even in the longer-term. Japan has never experienced lower interest rates, while even West Germany has had a discount rate of less than 3 per cent only once in the post-war period —in 1959, when a 2¾ per cent rate lasted for less than a year. There would, of course, continue to be hopes of further declines in long-term interest rates as inflationary expectations abate further, but the scope for further monetary policies to promote growth in either West Germany or Japan would certainly appear to be limited after the next cut in discount rate.

Indeed, one of the factors restraining the central banks from cutting their rates immediately may even be the fear that a further cut in discount rates could be counter-productive

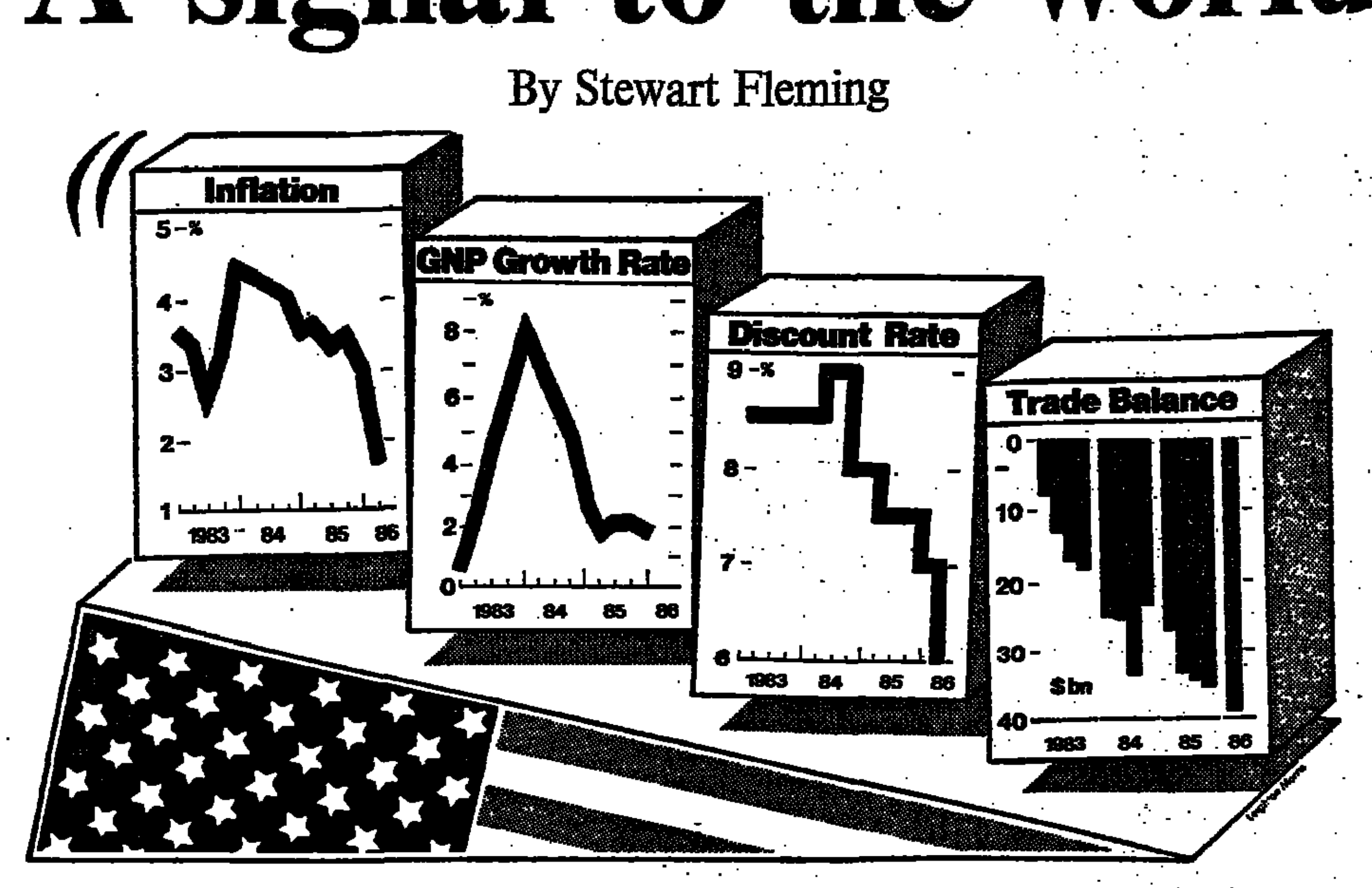
In Britain, meanwhile, the hoped for benefits from the lower US interest rates will be diluted for a very different reason. With oil prices collapsing, political worries beginning to surface and monetary indicators going completely haywire, sterling will need armour-plated protection in the months ahead unless the Government decides to accept a very substantial currency decline. To make matters worse, fashion is king these days in the foreign exchange markets; the gold-bracelet brigade in the dealing rooms tends to concentrate on buying or selling one currency at a time. If and when the dollar manages to stabilise against the yen and the D-mark, sterling may be left sticking out as the only major international currency which is overvalued in balance of payments terms, as a result of the collapse in oil prices.

Of course, a fall in sterling could be good for British equities, but investors in all markets should prepare for a bumpy ride in the months ahead.

Wall Street and the US economy

A signal to the world

By Stewart Fleming



AS AMERICANS were celebrating 210 years of liberty last weekend, some glum investors on Wall Street were coming to the conclusion that the US economy is bound in chains which could ultimately drag the nation into recession.

As soon as the July 4 holiday ended, traders on the New York Stock Exchange were deluged with "sell" orders which drove the Dow Jones industrial average down 30 points within half-an-hour and a record 62 points by the end of the day.

On Tuesday, a second wave of selling struck, partly in reaction to the news headlines about the first. By the end of the week, things were steadier, helped by the Federal Reserve board's decision to cut its discount rate by half a percentage point to 6 per cent in an effort to boost economic growth and pressure West Germany and Japan to stimulate their economies.

But Wall Street's fit of nerves has left the American business and political communities seeking the answers to some tough questions, The Fed's discount rate decision notwithstanding.

On the face of it, Wall Street last week was most probably reacting to the fact that investors in ordinary shares have been enjoying an almost uninterrupted boom for the past two years, a boom which had taken the Dow Jones index to its all-time high of 1909.03 on July 2. The time, perhaps, had come to sweep away some speculative froth.

But the explanation could run deeper. In New York this year, there have been six days when the Dow has dropped more than 30 points. Could this be a manifestation of an underlying fear that the bull market's foundations are beginning to look rather flimsy?

Wall Street's consensus for the moment seems to be that it is witnessing a correction normal in a rampant equity market. On this view, continued moderate economic growth will help to underpin most of the recent gains in share prices by keeping inflation and interest rates in check.

"It's just a blip," maintains Mr Larry Watchtel, market analyst for Prudential-Bache Securities in New York.

But if many market analysts on Wall Street are putting a brave face on this week's plunge in share prices, a growing number of economists, in the private and public sectors, are beginning to hedge their bets about the economic outlook and to worry about the growing risks of recession. Goldman Sachs Economics, until a couple of weeks ago fairly optimistic about the economy, has begun to trim its forecasts back. It is still projecting continued real growth in the second half of the year but in the 2-3 per cent range rather than the 4-5 per cent it had been expecting. Mr Jason Benderly, a co-director of the firm's economic research division, describes the decision to pare its projection as a painful one.

The darkening economic outlook is even more painful for the White House and its Republican allies on Capitol Hill. Faced with mid-term elections in November, which will determine whether the Democrats regain control of the Senate, Mr Reagan and his party have been looking rattled.

Top Administration officials such as Mr Donald Regan and Republicans such as Senator Robert Dole have been pressing the Fed hard to cut interest rates.

President Reagan's once-roaring expansion has limped along for two years now at annual rates of growth of no more than 2 per cent. There is no sign of it recovering the stamina even to break into a jog, in spite of four cuts in the Fed's discount rate since December.

The first quarter's apparently encouraging 2.9 per cent rate of expansion was widely discounted as something of a statistical freak. Moreover many private economists fear that second-quarter GNP figures to be released on July 23 will portray an economy dragging along at an annual rate of growth of only 1-2 per cent again, even though the consumer seems to have been spending more aggressively

The failure of the US economy to expand more rapidly seems to have caught most economists on the hop. Indeed at the beginning of the year, many were forecasting that 1986 would be a banner year for the economy, with some even predicting real growth of 7 and 8 per cent.

What went wrong? One factor is the way the precipitous oil price decline has added a new layer of sectoral weakness to an economy which was already labouring under the burdens of a farming recession, a regional real estate bust and an industrial sector whose strength has been sapped by import competition.

Another is that after four years of economic expansion, during which consumers have satisfied much pent-up demand and taken on unprecedented volumes of new debt, the monetary elixir of lower interest rates has worked its magic more on the value of assets such as shares and houses than on output. Even the upswing in housebuilding associated with lower rates has been quite modest.

Crucial, however, as Mr Volcker has pointed out, has been the impact of the trade deficit which hit $150bn last year. The leakage of demand abroad is continuing apparently unabated in spite of the plunge in the international value of the dollar since February 1985. Far from shrinking, some economists worry that the trade deficit, which surged to $14bn in May could be as high or even higher in 1986 as in 1985.

One of the principal mechanisms through which the decline in the dollar was expected to boost the US economy was through expansion of US production. As the US economy became more competitive, exports were expected to rise and imports fall. Backed by the boost from lower interest rates, this in turn was expected to trigger a virtuous circle in which increasing employment and expanding personal incomes would create a self-feeding economic recovery.

Economists such as Mr Benderly say that the failure of the dollar decline so far to spark a turnaround in the trade sector has short-circuited the mechanism through which lower interest rates would normally boost domestic output and income. Too much demand is stil being siphoned off abroad.

The Fed's decision to cut the discount rate in these circumstances may thus have less to do with any strongly held convictions about the likely domestic impact of a further slight decline in interest rates, than with its judgment about the way America's major industrial country trading partners ought to be conducting their economies.

Mr Volcker has not disguised his belief that the beneficial impact the falling dollar should ultimately have on the US trade balance and economy, needs to be reinforced by faster growth in America's trading partners. This, he is convinced, would improve the chances that the promise of sustained world economic growth can be realised.

This was the message he delivered a month ago in Boston from the same stage as US Treasury Secretary James Baker. Mr Baker put the issue more bluntly by implying that if growth abroad did not speed up, then the US would have to try again to escape from the economic constraints of its trade deficit by letting the dollar sink lower.

By cutting its discount rate on Thursday without waiting any longer for West Germany and Japan to agree to a coordinated move, the United States is saying that it intends these warnings to be taken seriously. Given the fears of Mr Volcker and some of his colleagues about the danger of a free fall of the dollar, the discount rate decision will not have been taken lightly.

In particular, the decision signals a heightening of the economic policy tensions between the US and West Germany, as well as pointing to a more general disagreement about what actions are needed where to improve the world economic outlook. The US's own unpredictable progress in tackling its budget deficit still annoys Europeans, who believe that their economies are reviving in a sustainable fashion.

Against such an uncertain economic and political background, it is not surprising that some on Wall Street are already expecting another cut in the discount rate in the third quarter.

As for Wall Street, the fundamentals of low inflation, falling interest rates and oil prices remain in place to underpin the conviction of most private economists that there will be at least sluggish economic growth and that the stock market has suffered no more than a technical correction. But the underlying fear that the risks of recession will increase the longer it takes for the US trade picture to improve, has come closer to the surface.

Wall Street's bulls, it seems, are beginning to pull in their horns. Few would argue with Mr Wachtel, who says: "If I thought we were heading for a recession, I would turn tail also."

LOCAL FACTORS IMPEDE PULL OF THE DOW

THAT HALLOWED City tradition, the extended lunch, has already been undermined by bright-eyed global traders who deal around the clock without paying court to such luxuries as eating and sleeping.

Now, it is even more at risk. Those stockbrokers who still like to indulge in port and cigars are liable to find that during their absence, New York share prices have fluctuated sharply at the opening, and London has moved in line. Similarly, overnight moves on Wall Street are likely to be followed in Europe as early-bird traders arrive in their offices in the morning.

This week was a case in point. Wall Street decided on Monday that it was over-bought after a period of extraordinary strength, and the Dow Jones Industrial Average fell 61 points on Monday to 1,839.

Europe duly took its cue—or rather, some markets did. In Britain the Financial Times Ordinary Index fell 30 points on Tuesday to 1,317.7. Prices fell in France and Switzerland, though they actually rose in West Germany, Italy and Japan.

The fact is that Wall Street tends to be more volatile nowadays hour-to-hour and perhaps day-to-day, though not when viewed from a longer-term perspective. Fluctuations are partly due to sophisticated, high-technology investment techniques such as "programme trading."

Moves in New York have always tended to provoke knee-jerk reactions from traders in other markets around the world, so those instinctive and emotional mark-ups or mark-downs of prices tend now to be more violent.

Yet it really is not that simple. Falls in share prices this week have been followed in general by recoveries. Even if minute-by-minute price changes are affected by New York, European stockbrokers say moves in their markets are still caused by fundamental factors affecting their countries and not by purely exogenous influences.

"The market will always shiver when anything unexpected happens," says Mr Kenneth Inglis, director of equity research at stockbrokers Phillips & Drew. But in general, he says, "the correlation is low . . . I don't think about Wall Street very much when I think about our market."

The London stock market was already gloomy on Monday because of new fears about the renationalisation of British Telecom following disclosure of Labour Party plans if it wins the next election.

This sentiment was fuelled not only by Wall Street's drop but also by renewed doubts about the prospects for UK interest rate falls, and by a feeling that London's recent rise had taken the market to unsustainable levels which needed a technical correction.

This is not to say that the world's markets are isolated from each other. Rather, the influences are more indirect. Some 15 to 20 per cent of British companies' profits come from their US operations, so a Wall Street fall based on a reassessment of the outlook for US corporate profits should logically have an impact on the British market. In addition, hesitation in New York about the prospects for US interest rates tends to influence the British bond market and thus British interest rates. If that caused a revision of the UK profits outlook, this would also adversely affect the London market.

Alexander Nicoll

Man in the News

Bob Scholey

When a spade is a bloody shovel

By Nick Garnett

THE BIG Yorkshireman at the British Steel Corporation has finally had the last laugh. It was entirely fitting this week that BSC should announce its first yearly profits; this after 10 years of huge losses and just a few months after Bob Scholey eased himself into the chairman's seat.

A professional steelmaker to his bones who was made chief executive as long ago as 1973 and sat awkwardly by as three others were brought in above him, Scholey has been for a long time the steel industry's principal soldier.

It was he who led the planning and execution of the corporation's escape from the gloomy days of the early 1980s, when the corporation's international competitors were more or less waiting for it to vanish.

So Scholey took some pleasure on Monday in announcing to journalists over breakfast at the slimmed down corporation's headquarters in London that it had made a profit of £38m. He was not jumping over the moon, but you could see he was pleased.

It has been a long grind and a labour of passion to the £105,000 a year chairmanship since Scholey began as an engineering trainee at Steel, Peech and Tozer in Rotherham on £8 4s 7d a week back in 1947.

Rough-hewn and gruff, but clever and complex, the 64-year-old mechanical engineer from his home town university of Sheffield is a lover of art and opera who has trampled many times with his wife the paths between the sites of ancient southern European civilisations.

But he is also a hard, practical man and a tough technician with a robust hide and a fierce love of the industry that his father also worked in for 52 years. That feeling is devoid of any sentimentality but is rooted in a belief that you should know exactly what your job is and then do it.

"In a way I'm mediaevalist. In the Middle Ages life was strictly regimented. Priests prayed, knights fought, peasants tilled. Everyone did their bloody job. Today there's a temptation to do the job of everyone else but that of your own."

His job as chief executive will be handed over in August to Martin Llowarch, the finance director and deputy chief executive, so that will remove some of the day-to-day burden.

At present, Scholey's driver picks him up every morning at his Hertfordshire home at 7 on the dot. The company car is a Montego. "Harold Musgrove (chairman of Austin Rover) talked me into it. It's a turbo model. I've got minimal interest in motor cars other than that I like them to have a lot of poke. I don't like a lot of external [illegible] stuff but I like to be first off the lights."

There is nothing better for philosophy-forming than working in an industry that swings from joy to despair and back. Scholey worked in the independent steel companies before nationalisation in 1967 and took over BSC's steel strip operations in the early 1970s. "We made £40m in the strip division. That was like a monkey doing a line out of Shakespeare."

Then came the see-saw traumas of British Steel. There were the years of stratospheric expectations, when the board was going for 40m tonnes a year (production is now 14m tonnes); dreams that turned [illegible] years of realisation in the 1970s that the world was going all wrong for producers, the attempts to begin contraction under the last Labour government and the steel strike of 1980 which cleared the decks for the vast changes that have swept through the corporation.

Since that date, the BSC workforce has been cut by 110,000 (some through privatisation), nearly £600m worth of assets have been divested, the whole structure has been decentralised and the businesses separated into more discreet operations. It has been Scholey's hand on the tiller and there has been much human tragedy.

[illegible] easy to see areas that were once prosperous no longer so," he says.

As chief executive he has worked under Sir Monty Finniston, Sir Charles Villiers, Sir Ian MacGregor and Sir Robert Haslam. MacGregor was particularly valued for keeping the politicians off the corporation's back while the professional steelmen pounded and rolled the corporation into the shape they wanted. "He never let us down and we never let him down," says Scholey.

As a technician and motivator, Scholey is widely respected in the industry, though the rift between him and Bill Sirs, leader of the biggest steel union, the ISTC, during the strike has never been healed.

Roy Evans, the union's new general secretary says the attitude of the industry's workforce to him is one of grudging respect. "He is very blunt, calls a spade a bloody shovel and he knows the industry backwards."

"He's a warm-blooded animal," says one steelman who has known Scholey for many years. "He's got a vast range of interests and can be very genial and approachable. But if he's in a rage, get out of the way."

Scholey's man-management philosophies seem to be simple. "It's very important that everyone knows their job. The riding instructions ought to be minimal. If you pick your staff properly they can be. I'm totally anti-bureacrat. We aren't held together with paper here.

"Never appoint someone to a job who you feel you couldn't work for yourself. I've always enjoyed the people I've worked with. That's vital. You achieve no more than those who work for you achieve for you. So those that think they've done it all themselves are slightly mad."

The European steel bosses who were straining at the leash to take over BSC's home markets during the years of despair chose Scholey last year to be president of their informal club, Eurofer. Characteristically, Scholey has recently mastered French and uses it to chair the meetings [illegible]

[illegible] Musgrove, Austin Rover's chief [illegible] company Opel in everything." This included the making [illegible] an appeal pitched for a further single payment.

John Bagshaw | London.

ULSTER'S MARCHING SEASON

Workers unmoved

By David Thomas, Labour Staff

MANAGERS and trade union officials throughout Northern Ireland are keeping their fingers crossed. Protestant anger at the Anglo-Irish agreement has made the traditional marching season, which reaches its climax this weekend, exceptionally tense. Business leaders are hoping that bitterness on the streets will not spread into sectarian troubles on the shop floor.

The last thing that Northern Ireland industrialists need is friction between Protestants and Catholics within those factory gates which remain open. They have been buffeted recently by a number of major closures and are worried by the continuing political uncertainty in the province.

Any trouble would add to Northern Ireland's image problem when trying to lure foreign companies to the province. "People abroad assume that if Protestants and Catholics on each extreme fight in the streets, they must fight in the factories too," says Mr Wilson Gamble, chairman of the Labour Relations Agency, the statutory body which oversees industrial relations in the Province.

Some companies have experienced trouble over "flags and emblem" days—dates of particular significance to the religious communities. Protestants and Catholics have tended to mark these days with decorations in their workplaces. Occasionally, the tension this has caused has spilled over into stoppages: hence the worries about the marching season.

"Management has to be very, very firm on this," argues Mr Alasdair MacLaughlin, CBI director in Northern Ireland. Many managers now discourage demonstrations of tribal loyalty in the workplace. Yet it can be a continuous battle. As one foreign manager indiscreetly put it: "Your Royal Family helps keep all this going. They have a wedding. Then a baby. Then another wedding. The Protestants put up some banners and we take them down."

Yet with the exception of the two political strikes organised by Protestant militants in 1974 and on March 3 this year, industry generally has been unaffected by the troubles. Why?

The simplest explanation is this: "The extremists on both sides tend to be unemployed. They're cut off from the world of work," explains Mr Gamble.

The dole queues are a restraining influence on those in work. With unemployment throughout the province at 21.5 per cent and with male unemployment over 50 per cent in the worst area, Strabane, keeping sectarianism out of the workplace is a matter of economic self-preservation.

Many managers and union officials have also worked hard to keep the peace. "Employers and unions have both set their face against bringing trouble into the workplace," says Mr Terry Carlin, Northern Ireland officer of the Irish Congress of Trade Unions.

In the early 1970s, employers and unions had joint task forces which would descend on any workplace which looked like flaring up. Many employers now are more sophisticated on issues like recruitment, as well as taking a tough line on sectarian symbols, like flags and emblems.

The official union movement has won a reputation for its non-sectarian approach. It has refused to take stances on constitutional issues. Some officials have carried out acts of considerable bravery, like going into Protestant-dominated workplaces to oppose the March 3 stoppage against the Anglo-Irish agreement.

Union officials, perhaps surprisingly, take heart from the way the March 3 strike turned out. "There is now less chance of political stoppages, because many people realised the strike was enforced only by intimidation," says Mr Carlin.

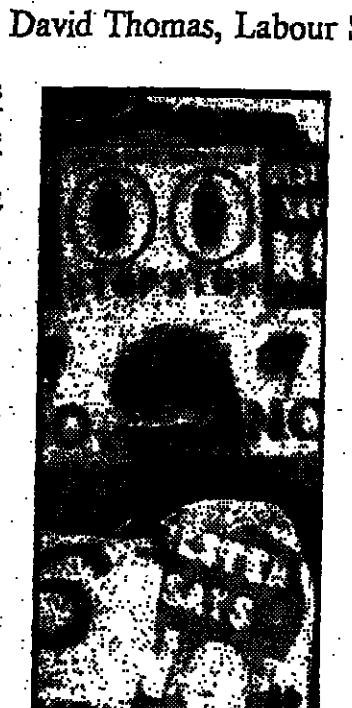
Protestant militants have occasionally reacted against this evenhandedness by mooting an Ulster TUC, true to the Protestant cause, an idea heard again after the March 3 stoppage. But union officials are unperturbed: they reckon the idea has few roots in the unions, though it can count on the support of some shop stewards.

"We have carved ourselves a niche that is literally unassailable," argues Mr Jimmy Blair, secretary of the Confederation of Shipbuilding and Engineering Unions in Northern Ireland.

But there may be a less creditable reason why the troubles have been kept out of the workplace: segregation. Though many workplaces are mixed, there are plenty where either Catholics or Protestants are in a self-effacingly small minorty.

What is more the distribution of jobs is unequal. The 1981 census showed unemployment among Catholics running at about 2½ times that among Protestants. It might be argued that, far from being absent from the workplace, one of the root causes of the troubles—unequal treatment of Catholics—is at its heart.

Much energy has been expended in Northern Ireland in trying to understand the factors which have unintentionally caused this pattern of segregation and unequal treatment. Three stand out.



● Location. The two communities tend to live apart. The segregation of housing on religious lines, particularly among manual workers, has, if anything, been intesified by the troubles, as people who were surrounded by members of the opposite religion have moved away for safety's sake.

So it is hardly surprising if workplaces in segregated communities are themselves dominated by members of one religion and if unemployment rates vary between Protestants and Catholics.

● Patronage. There is a tradition in Northern Ireland of family loyalty to one company.

"In Portadown, you were known as a Metal Box man. In other places, you were a Mackie's man or a Shorts' man. Sons followed fathers into the job," says Mr Ernie McBride of the Transport and General Workers Union.

This company loyalty and family-based recruitment, admirable in many ways, meant that once a factory became Protestant (and most big manufacturing plants were Protestant) they stayed so.

● Skills. The segregated schools have different strengths. Catholics have been steered towards the humanities and the professions, Protestants towards industry. Until the authorities woke up to the problem, it was rare to find a Catholic toolmaker, fitter or draughtsman.

These pressures have played a part in keeping Catholics out of certain jobs. Some, like patronage and segregated skills, are becoming less important, partly thanks to the actions of government agencies. Yet it is possible to over-play them — and underplay the brute fact of discrimination—as explanations of the employment disadvantages suffered by Catholics.

Take location as an example. The 1981 Census showed that unemployment was higher for Catholics in every district except Castlereagh, where the Catholic population is small, suggesting that Catholics get a worse deal no matter where they live.

Mr Bob Cooper, chairman of thet Fair Employment Agency, the statutory body charged with rooting out religious discrimination, calls the location argument "glib." He argues that employers in Protestant East Belfast like Harland and Wolff and Shorts, have drawn their workforce from a wider area than many people realise: from Portestant-dominated towns outside Belfast like Ballymena, Larne and Newtonards. They have tended to miss out Catholic West Belfast

Under Mr Cooper, the agency has investigated major employers in Northern Ireland, like the civil service, the electricity board and the building societies. Typically, having established the distribution of jobs by religion, it recommends programmes for reducing any imbalance—like monitoring recruitment and visiting Catholic schools to encourage applications.

The agency is controversial in Northern Ireland. Many Protestants criticise it for favouring Catholics, while many Catholics see it as too weak. Mr Cooper is sanguine about this: "Doing this job inevitably involves annoying people on both sides," he says.

He points to increases in the recruitment rates of Catholics into the civil service and the fire service as evidence of the agency's impact. But a recent review of unemployment by Dr Bob. Osborn and Mr Robert Cormack, two Northern Ireland academics, concluded depressingly that "the differential between unemployment rates among Protestants and Catholics is, within the context of higher overall levels of unemployment . . . as wide as in 1971."

In private, some business leaders are critical of the agency's methods; in public, most support it, not least because it helps to reassure opinion abroad that discrimination is being tackled.

What nearly all fear is mounting pressure, particularly from the US, for even tougher action. In the US, there is support among the Irish lobby for the "MacBride principles."

The British authorities say that some of the MacBride principles (named after a pre-war IRA chief of staff) would be illegal because they would mean reverse discrimination in favour of Catholics. For example, one principle calls on employers to establish "procedures to assess, identify and actively recruit minority employees with potential for further advancement."

Mr Larry Baker, American manager of the Dundonald plant of Fisher Body, the General Motors subsidiary, recently compiled information for GM's annual meeting, where a resolution to commit the company to the MacBride principles was on the agenda.

He regards the principles as completely inappropriate for Northern Ireland, adding for good measure: "What is known about Northern Ireland in the US is very little, and what little is known is largely incorrect."

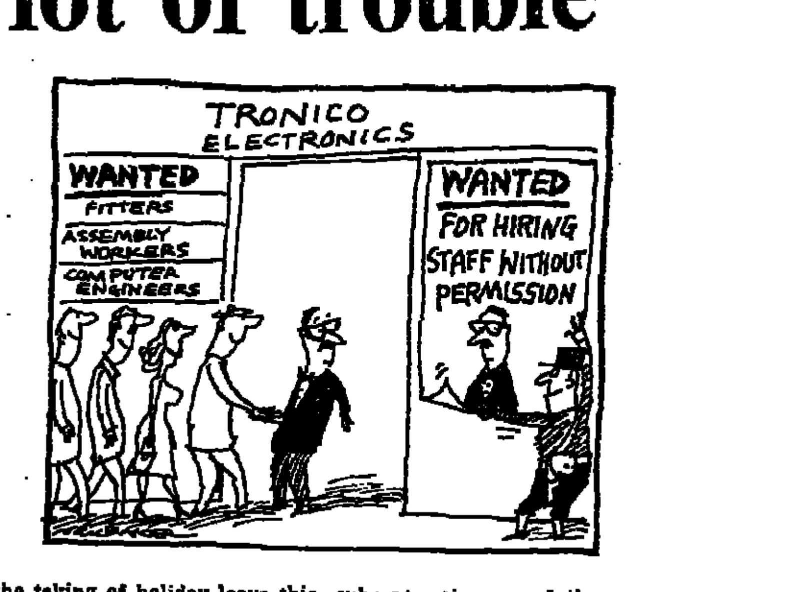
Mr Cooper also reckons that he cannot afford to run too far ahead of what is acceptable to the Protestant majority, which is hostile to the powers his agency already has.

"If we ever got to the situation where the son of an unemployed labourer from the Shankill could be turned down in favour of the son of a Catholic lawyer to rectify the balance, even though the Protestant man was better qualified, it would so outrage people that it would be counter-productive," he says.

Protestants and Catholics have been successful in creating a god industrial relations climate. They in fact share a common enemy. "While there are encouraging signs of economic progress in Great Britain, it seems unlikely that progress will be shared here," as Sir Charles Carter, chairman of the Northern Ireland Economic Council, wrote in the foreword to the council's 1986 economic assessment. In the depressed state of the province's economy, few employers are taking on many workers — Catholic or Protestant.

Economic and Social Review, Vol. 17, No. 3, April 1986, Economic and Social Research Institute, Dublin.

A job lot of trouble



MR CLAUDE VISSAC is a flamboyant company chairman with a taste for battles with bureaucracy. When Tronico, his small electronics company, was fined by the French labour inspectorate for recruiting extra staff without permission — notwithstanding France's high unemployment rate — Mr Vissac braced himself for a fight.

His case has since become a cause célèbre in the heated debate in France over moves by Mr Jacques Chirac's conservative administration to make it much easier for companies to make workers redundant. In the government's view, abolishing the need for official approval for redundancies—companies also need approval if they then recruit more labour within a year—puts French companies on a similar footing to their international competitors.

Unions, however, fear that changing the law without keeping safeguards for employees will enable unscrupulous companies to fire workers unfairly. The Socialists fought the bill tooth and nail in the National Assembly and put down a motion of censure against the Government to mark their hostility. President Mitterrand sees the measure as turning the clock back in terms of social legislation and would like to exploit its unpopularity to destabilise further Mr Chirac's government.

Tronico, which now employs 107 people at its factory in the lush, green countryside of the Vendée in western France, is almost a textbook example of the French employers' case for more freedom to expand and contract their labour force.

Established 16 years ago when the government was encouraging the development of an electronics industry in the west, it is a specialised subcontractor in micro wiring, interconnection, integrated circuits assembly and sophisticated components manufacture for the oil exploration, armaments, air and railway industries.

Its clients include Schlumberger, Sercel, Thomson, Marcel Dassault and the French railways, SNCF. Its largest client, however, is Autophon, the Swiss telecommunications group.

Tronico last year made hefty profits of FFr 3.9m on a turnover of FFr 30m. Employees shared in that through a FFr 3,000 individual bonus and the equivalent of two months' additional pay.

But this year orders are sharply down because of the decline in oil exploration. After getting the staff's agreement to a two-hour cut in the working week, a freeze on salaries and the taking of holiday leave this month, Mr Vissac nonetheless wants to shed nine of his staff. For this he will need approval from the regional labour inspectorate.

Mr Vissac's troubles with the inspectorate began in 1983. Then a worse decline in orders because of problems in the armaments industry and oil exploration cut his turnover by 70 per cent. After a spell of short time working, he applied to the inspectorate to make 25 workers—mainly young people recruited from neighbouring villages — redundant. As the procedures for declaring more than 10 people redundant are lengthy and cumbersome, Mr Vissac made his application for groups of nine or less.

Some months later, he unexpectedly received a large order that depended on quick delivery. He hurriedly took back most of those dismissed and recruited a few more as well. But he failed to obtain the approval of the labour inspectorate — a procedure that aims to prevent companies abusing the regulations by replacing workers they do not want. Mr Vissac says with a disarming grin: "I confess that I forgot." Some of his employees think the lapse of memory was convenient.

One Saturday morning, Mr Patrick Roux, labour inspector for the Vendée, arrived at the factory. He found 26 people who had been recruited in violation of the regulations, and several who were working in excess of the maximum legal working week of 45 hours. He summed up his conclusions in an eight-page document and imposed 41 fines. Of these 26—ranging from FFr 600 to FFr 1,200—were for recruiting labour without permission.

What angered Mr Vissac was the inspector's legalistic approach in failing to take account of the volatile nature of subcontracting or of the company's cash position. "I can certify that the inspector does not know how to read a company balance sheet," Mr Vissac says.

He took up his case with the courts—where the fines were cut to FFr 100 each—and with Mrs Edith Cresson, the former Minister of Industry, and Mr Chirac, who quoted the case on television. According to Mr Vissac, Mrs Cresson exploded described the inspector's ruling as absurd and said he should have been removed. Throughout the tussle, Mr Vissac had most of his employees behind him.

None the less Mrs Michelle Gautron, the employees' representative on the works council does not believe that the inspector was wrong. "When you see the situation in the Vendée," she says, "you would not say he acted through an excess of zeal. There are too many employers wo don't care what they do. The inspector wanted to see what was happening and that the employees were not being made to suffer."

Mr Vissac was clearly able to act as he did because his staff have confidence in his management and believe he takes their interests into account. Mrs Jeanne Bourron, secretary of the works council, says: "When things are bad, they are bad. But when they are good, we share in the results."

Mr Vissac, who runs five other companies in the electronics and engineering field, believe the principle was worth fighting for. Mrs Gautron thinks he used the dispute to "demonstrate employers' discontent with the then government of the left" and to get the law changed. For the moment it is clearly Mr Vissac who has won.

By David Housego
Paris

Letters to the Editor

Economic changes in the USSR

From Mr L. Abalkin.

Sir,—There has been a great deal of analysis in the Western Press, including your own newspaper, on the major economic reforms now taking place in the USSR. Perhaps some comment from a Soviet economist might be helpful.

The last five years have shown how mental inertia brings to nought the potential effect of important and well-thought-out decisions. The latest session of the USSR Supreme Soviet repeatedly heard that the economic reform was marking time.

Extensive economic independence is the core of our economic reform. Such independence will make the Soviet economy more flexible and efficient. Super-centralised directive management has seen its day. It worked when our potentials were smaller. It is no longer possible to govern everything, down to the last detail. The waterfall of orders from above gave our planned economy a spontaneous element alien to it, as it grew difficult to control.

Cardinal reform in a national economy is not an "open sesame." It is risky, an dcan change human conduct in an unpredictable way.

Thus the Soviet Union launched large-scale economic experiments, in which hundreds, and later thousands of enterprises took part. Over 30 per cent of Soviet enterprises are now using the new economic methods, and all will switch to them in 1987. Similar experiments are under way in agriculture, transportation and the service sector.

Enterprises working in the new way have displayed more efficiency, but less than expected. Many managers are none too eager to enjoy their freedom, like birds unwilling to quit an open cage.

It is not easy to shelve directive, administrative management methods. Like any reform, it is a painful process, and the human factor is decisive in it. Unwilling to cede the reins of government, the central bodies did their best to entangle the experimenters in those reins, however many orders these bodies gave them to be independent—as if initiative and enterprise may be ordered from above.

As the people in the corridors of power started to lose their customary duties, while retaining their administrative mentality, they developed a phobia of becoming unwanted. The rank-and-file, in their turn, began to realise that if they became independent, they could no longer hope to see a helping hand proffered from above to correct their blunders. If you act strictly on instruction, you have even less rights but are less responsible, the reactions the experiment brought out gave rise to a clear-cut concept of enterprises' economic independence. Following the success at the Avtovaz car factory in Togliatti and the Sumy machine-building works in the Ukraine, over 200 large industrial enterprises are to embrace the new system next year.

Their number could be bigger, but such principles only work with the strong and enterprising. Be that as it may, we have a working model and are willing to implement it, not by order but by economic methods alone. That way is more difficult. It demands persistence and further break-up of our old economic concepts. But the Soviet economy is able to display persistence in achieving its goals.

Leonid Abalkin,
(Corresponding Member,
USSR Academy of Sciences),
c/o Novosti Press Agency,
4 Zubovski Boulevard, Moscow.

Incommunicado in the City

From the Managing Director, Business Services, British Telecom

Sir,—Mr Hardcastle (July 7) raised a number of points on which I would like to offer readers some reassurances.

I sympathise with Mr Hardcastle in any confusion which may have been caused by the power failure he experienced on July 2. Because such an event is not unprecedented, all BT's exchanges and ordinary exchange lines are served by standby power arrangements.

This, of course, does not offer protection where more complex equipment, such as call connect or PBX apparatus, is installed in a customer's own premises, and for this reason, we are often asked to fit standby batteries so as to maintain full service in the event of a power failure.

Even where such batteries are not provided, however, equipment supplied by British Telecom is designed to be capable of maintaining a limited service during a power cut. Typically, in this event, incoming calls will be re-routed to nominated extensions or line jack units. Clearly should these extensions be unmanned, or should no telephone be connected to the socket, a caller will hear the ringing tone but get no reply.

To return number unobtainable tone in these circumstances ... then assume that the line was no longer in use. This could convey to the caller a detrimental impression of the customer's business.

R. E. G. Back,
81, Newgate Street, EC1.

On the slide

From Mr P. Mickelborough

Sir,—A slide was used with obvious pleasure by some pensioners; upon its removal the Ombudsman commented that he might have helped to prevent an injury to an elderly person (extract from Ombudsman's report, July 9). He is no doubt right, but should it not be the pensioner who decides whether the pleasure justifies the risk? The attitude that danger is always a Bad Thing, safety is always a Good Thing is too prevalent in many aspects of life.

The need to escape from the smothering safety of modern life is probably a factor in the popularity of sports such as skiing and parachuting, crimes such as shoplifting, and much of the reckless driving one sees. Perhaps we should send shoplifters to bullfighting lessons, or open Brands Hatch to people convicted of speeding.

Surely it is in society's interests to encourage a willingness to take risks and face dangers, to accept being hurt, and to try again and succeed the next time. Certainly a country which will not allow pensioners to slide will not produce the entrepreneurs it needs.

Philip Mickelborough,
39 Kingsbury Street,
Marlborough, Wilts.

Staging Porgy and Bess

From Mr M. Shaw.

Sir,—Max Loppert's statement (July 7) in his interesting review of *Porgy and Bess*, that the current Glyndebourne production "was the first British operahouse staging of the work," while being true in a pedantic sense, does give the impression that there has been no previous major production of the work in this country.

While the now-demolished Stoll Theatre was not strictly an opera house, there can be no doubt of the stature of the production of *Porgy* which opened there on October 9, 1952. Directed by the original conductor, Alexander Smallens, its cast included such as Cab Calloway ... Hutcherson, Leontyne Price and Catherine Ayers. After, if I recall correctly, special dispensation from the Musicians Union, the production arrived here from the States via Vienna and Berlin.

The magnificently illustrated programme which reminds me of these details cost 3s.

Martin Shaw,
29 Clinton Road,
Leatherhead, Surrey.

French-German relations

From Wendy Mantle,

Sir,—Monsieur Rene Minguet (June 24) suffers from amnesia. The anti-semitism of the Vichy regime has been the subject of detailed analysis by Marrus and Paxton in their books "Vichy France and the Jews".

On August 27 1940, four months after the "armistice", as Monsieur Minguet calls it, the Vichy Government repealed the Loi Marchandeau under which anti-semitic newspaper articles had been suppressed. It was followed by a number of measures designed to restrict the entry of Jews to the professions and by the Statut des Juifs on October 3 1940. Jerome Carcopino, later to be Vichy's education minister, wrote afterwards of the law: "Like the armistice it was poisoned fruit whose bitterness the defeat forced us to taste for a time."

It is unfortunately true that the Vichy regime's anti-semitism was all its own work (although the texts of its anti-semitic laws are the same as its Nazi predecessors in Germany).

The key to collaboration between the Vichy Government and the Nazis occupying the rest of France was the Vichy Commissioner for Jewish Affairs. When roundups of Jews in both the occupied and unoccupied zones began in the summer of 1942 the Vichy regime co-operated fully in the exercise. Marrus and Paxton report Paris radio in mid-September: "M Laval at a Press conference last Friday announced that the Vichy Government was prepared to make concessions with regard to the deportation of Jewish children. Henceforth they will be deported together with their parents instead of being separated." He added, however, "No one and nothing can deter us from carrying out the policy of purging France of undesirable elements, without nationality."

On the number of Jews (foreign and French) deported ... doubt familiar with the monumental volumes of Mr Klarsfeld's memoir which lists them all, transport by transport.

France emerged as an ally at the end of the war not because the Vichy regime co-operated as an independent state with the Germans until the whole of France was occupied, but because the resistance movement which grew during those years of agony came to encapsulate and represent the true spirit of sovereign France.

Wendy Mantle,
61, Queens Crescent, NW5.

Venture capital

From Dr B. Juby

Sir,—Mr Anysz's comments on venture capital (June 26) are timely.

There is a further problem as far as funding to the self-employed and small business sector is concerned. Nearly nine out of ten of Britain's businesses have an annual turnover of less than £100,000 and employ five or less full-time employees apiece. These firms often require sums of £5,000-£10,000 only and as such these are treated as personal loans by the banks.

Mr Anysz's remarks about pension funds highlight a further problem in that under Section 226 schemes up to 17½ per cent of a self-employed person's income may be placed in a personal pension. Apart from the fact that most small businesses regard their business as their pension and few can afford to transfer money from the business and into such a scheme what money that does find its way into pension funds seldom, if ever, finds it way back again.

There is thus a constant leach-out of funds from small businesses and (via the funds) into bigger businesses either at home or abroad.

(Dr) Bernard Juby,
(Chairman, Policy Unit),
National Federation of Self Employed and Small Businesses,
140 Lower Marsh, S.E.1.

European air fares

From the Chief Executive, British Airways

Sir,—Mr Loder's letter (July 5) attacking British Airways for the state of European air fares cannot go unacknowledged.

It is a matter of record that British Airways is in disagreement with most European airlines in our strenuous support for a more liberal regime. Since air service agreements are a matter for governments, not the individual airlines, we are greatly heartened that our own Government is showing its determination to press other governments to adopt a liberal approach.

Colin M. Marshall.
PO Box 10,
Heathrow Airport.

UK COMPANY NEWS

Bunzl in six purchases for £26m

Bunzl, the fast-growing paper and plastics group, yesterday announced the acquisition of six private companies for a maximum cash payment of £25.5m.

The deal, which will push Bunzl's gearing to over 50 per cent, takes to more than 15 the number of companies acquired in the past 12 months making it one of the most acquisitive companies in the UK.

The largest of the latest batch is G. B. Goldman Paper Company which will become part of Bunzl's merchanting division. Goldman, based in Philadelphia in the US, is a leading converter and merchant of paper and board job lots.

It will account for over half of the initial cash payment of £12.3m for the six companies. That sum will be followed up by payment of up to £13.2m—dependent on profitability.

The current annual pre-tax profit of the six companies is £2.8m on turnover of £54m. But Mr K. Anderson, a Bunzl director, said yesterday: "Some of these companies have small margins but we believe we can do a lot to improve them." The net assets being acquired are valued at £7.3m.

Mr James White, Bunzl's managing director, added that: "Each of these acquisitions reinforce our commitment to expanding all our divisions in a structured and balanced manner."

The other companies being acquired are: Multi-Pak, an industrial packaging and paper products distributor in Perth Australia which will become part of the distribution division; Inland Distributing, a building products distributor of Indiana US which will also join the distribution division; Sensonics, a UK company which produces measuring instruments, which will join the Filtrona division; and Neville Charrold and Glover Webb of the UK which will both extend the vehicle engineering activities of the transportation division.

In the year to December 31 1985 Bunzl made pre-tax profits of £42.7m on turnover of £788m. The acquisition of Robert Moss the injection moulder and two batches of private companies will have taken turnover to close to £900m. Bunzl's share price yesterday fell 3p to 202p.

Park Food advances 19% to £2.3m

FROM TURNOVER ahead by 26 per cent to £49m, the Park Food Group lifted its pre-tax profit by 19 per cent, from £1.92m to £2.27m, in the year ended March 31, 1986.

The dividend is lifted from 3.6p to 4.2p net, with a final of 2.8p.

Principal activities of the group are the packing and supply of hampers for sale to retail and wholesale customers.

Mr P. J. Sherlock, chairman, said prospects for the current year looked good. A good start had been made with increased orders for the key retail agency Hamper Business, and the wholesale business remained strong. Sales and profits in the Christmas hamper and voucher business were at record levels.

While the main increase was business the wholesale companies, Hamper Packing and Daily Hampers, and Kus, produced improved results.

The chairman said High Street Vouchers had a successful year. As well as its substantial sales through catalogues, it more than doubled its outside sales and had ongoing contracts with two major national TV rental companies.

In other food activities Bee & Cee Foods had a good year and expanded its activities into frozen food distribution and in-store bakery systems, both of which were seen as growth areas.

Matchless Products, the specialist food powder blending business, suffered from lack of export orders from the Middle East and Nigeria because of the falling oil price, but its factory premises and equipment have been refurbished during this period of low volume and a UK market for its products was being developed.

Millstore, which supplies fresh convenience foods to the High Street, secured an important order to supply a second major national chain store and was now moving into profit.

A diversification had been the acquisition last year of 51 per centof Jetlag, which supplies the two major British airlines with travel kits for the use of passengers.

After tax £986,000 (£869,000) and minority £18,000 (£3,000), the net profit worked through at £1.27m (£1.04m) for earnings of 12.34p (10.21p). Losses incurred on the closure of P. N. McAndry, £161,000, were shown as an extraordinary charge.

Hille Ergonom for USM with £10.4m valuation

BY RICHARD TOMKINS

Hille Ergonom, a leading British office furniture group, is coming to the unlisted securities market through a placing of 2.8m shares at 92p each by brokers Hoare Govett. Its value at the placing price is £10.4m.

The business was founded in 1969 by Mr Athony White and Mr William Hall, its chairman and managing director respectively.

In 1980 it merged with Unilock, the office partitioning company which coincidentally published its prospectus for a full listing this week, but the two founders bought it out again two years later because of disagreements over policy.

The main contributor to sales and profits is its office furniture division, which supplies quality desks and chairs—many of them imported from Italy and West Germany—to industry and commerce.

It also makes its own range of ergonomically designed office chairs and executive desks and has a range of products for the mass seating market. It is a major supplier of concourse seating for airport terminals.

Hille Ergonom's main customer is IBM United Kingdom, which has accounted for 20 to 30 per cent of group turnover over the past three years.

Pre-tax profits have risen from £107,000 to £962,000 in the five years to last March on turnover up from £2.3m to £10.2m. There is no profits forecast so Hille comes to the market on an historic price/earnings ratio of 12.6.

Of the £2.6m to be raised by the placing, just over £1m will go to the company. This will more than cover the cost of acquiring Show Strand, an auditorium seating company which was bought at the beginning of the month.

BBA nets 30% Ratcliffe stake after £3.2m deal

BY LAURIE LUDWICK

F S Ratcliffe, the precision spring maker and painting contractor, is buying the spring division of Automotive Products in a £3.24m deal. This will give AP's parent, BBA Group, a 29.9 per cent stake in Ratcliffe.

Mr John Owen, Ratcliffe's chairman, said the deal would allow Ratcliffe to double the size of its spring operation, raise £800,000 through an underwritten one-for-one rights issue, and gain "a very strong equity partner."

The spring division of AP had sales of approximately £1.75m in 1985 net assets of £500,000, and pre-tax profits of £150,000.

Ratcliffe will issue to BBA 1.24m new shares, of which Henry Cooke, Lumsden, the stockbroker, will place 397,500 on behalf of BBA.

In addition, BBA, a motor components supplier, will receive £80,000 nominal of 8 per cent convertible unsecured loan stock in Ratcliffe, and will subscribe at par for £170,000 nominal of the stock which will be convertible into Ratcliffe ordinary shares at 300p per share, between 1988 and 1992.

Ratcliffe is proposing to raise £800,000 by way of one-for-one rights issue. On completion and following the issue, BBA will hold 29.9 per cent of Ratcliffe's enlarged share capital.

Mr Ray Mitchell, group finance director of BBA, said the company had no plans to increase its stake above the 29.9 per cent mark.

Ratcliffe moved back into the black in the six months ended October 1985 with a pre-tax profit of £1.770 compared with a loss of £57.922 in the corresponding period of 1984. First half sales improved from £815,450 to £1.14m.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday July 11 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs July 10 Index No.	Weds July 9 Index No.	Tues July 8 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	732.48	−0.4	8.29	3.34	15.40	9.86	735.13	733.17	730.40	490.73	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	821.87	−0.3	8.45	3.49	14.92	11.47	824.59	818.57	817.17	513.19	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (30)	1268.44	+0.1	7.53	3.59	18.17	18.81	1267.44	1255.95	1252.94	770.91	1280.78	2/7	911.08	23/1	1280.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1890.40	—	7.68	4.03	17.28	33.82	1891.41	1885.69	1892.88	1315.44	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1655.19	−0.2	9.20	2.86	14.50	11.76	1657.88	1663.24	1649.07	1302.85	1794.13	30/4	1397.50	24/1	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	409.47	−0.2	9.34	3.93	13.64	6.40	410.47	410.62	409.12	276.27	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	354.91	−1.0	8.16	4.81	15.61	5.81	358.40	360.96	360.57	186.35	380.80	2/7	241.87	2/1	380.80	2/7/86	49.65	6/1/75
9	Motors (16)	310.61	−0.8	8.49	3.12	13.73	3.78	312.99	311.79	311.18	152.09	322.48	3/7	286.50	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (22)	1309.41	−0.8	6.30	3.84	19.17	16.09	1319.42	1310.54	1302.29	888.32	1347.13	3/4	995.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (183)	931.57	—	7.73	3.15	16.25	11.89	931.93	923.97	918.53	609.76	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	945.36	−0.6	9.13	3.39	13.38	11.16	951.07	945.52	933.10	605.94	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (22)	688.40	+0.1	9.18	3.79	14.25	11.43	687.66	683.57	684.10	479.14	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1851.38	+0.6	6.21	2.73	22.00	16.00	1840.30	1831.40	1810.58	1468.22	1976.34	14/4	1629.03	23/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1571.98	—	5.32	2.19	22.19	11.71	1571.23	1564.26	1562.87	981.21	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (28)	914.74	−0.6	7.98	3.91	16.35	14.13	920.61	903.80	888.39	596.29	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2591.76	+0.2	7.41	3.86	17.41	47.27	2585.50	2582.41	2588.61	1717.42	2655.71	4/7	1834.16	9/1	2655.71	4/7/86	55.08	6/1/75
33	Packaging and Paper (14)	480.08	−0.6	6.88	3.31	18.95	6.75	482.99	479.53	483.84	324.57	495.35	1/7	362.52	9/1	495.35	1/7/86	43.46	6/1/75
34	Stores (39)	895.87	+0.1	6.77	2.78	20.09	10.41	884.99	875.99	871.00	625.10	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	559.27	+0.7	9.34	3.46	12.39	8.01	555.48	555.20	555.11	320.73	574.78	1/7	375.50	14/1	574.78	1/7/86	62.66	11/12/74
36	Tobaccos (2)	1139.20	−0.5	13.18	4.29	8.39	20.60	1144.90	1110.14	1098.33	775.88	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (88)	786.88	—	8.52	3.97	15.07	8.33	786.78	778.13	768.67	641.33	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (20)	927.38	+1.3	9.85	4.37	12.31	17.41	915.43	908.40	904.81	685.47	955.38	14/3	729.24	14/1	955.38	14/3/86	71.20	1/12/74
44	Office Equipment (4)	252.94	−0.7	7.35	4.02	16.46	4.59	254.66	255.67	252.91	188.08	281.13	9/5	235.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (13)	1505.86	+0.2	7.67	4.14	16.40	25.72	1502.20	1494.59	1495.83	1081.20	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	832.32	−0.7	10.10	4.42	13.53	2.53	838.07	824.70	808.89	804.15	1050.03	4/4	800.89	8/7	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1078.83	−0.1	6.18	3.14	20.26	11.65	1079.88	1068.20	1065.15	798.45	1108.24	3/7	866.26	9/1	1108.24	3/7/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	853.67	−0.1	8.06	3.39	15.73	10.36	854.61	848.13	842.35	603.16	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1178.65	+0.2	17.35	7.67	6.90	41.46	1175.77	1169.53	1160.63	1108.87	1228.81	26/6	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	883.13	−0.1	9.01	3.83	13.91	12.81	883.79	877.29	871.24	645.49	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (117)	620.84	+0.2	—	4.30	—	11.00	619.48	614.82	611.82	462.38	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	665.19	+0.4	16.59	5.30	8.36	14.03	662.30	653.35	647.07	489.92	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	904.04	—	—	4.13	—	17.27	903.78	898.42	903.40	710.97	913.47	7/7	765.18	23/1	913.47	7/7/86	44.88	2/1/75
66	Insurance (Composite) (7)	499.97	+0.9	—	4.15	—	9.46	495.72	494.51	490.73	358.38	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1148.37	−1.4	9.10	4.16	14.37	23.40	1164.60	1151.43	1154.12	1021.60	1315.27	12/2	1139.48	13/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (12)	357.88	−0.7	—	3.84	—	4.56	360.34	355.67	354.20	224.33	390.22	1/7	277.36	24/1	390.22	1/7/86	31.21	7/1/75
69	Property (50)	807.14	+0.6	5.39	3.39	24.58	10.62	802.00	796.88	795.85	587.00	807.14	11/7	635.84	23/1	807.14	11/7/86	56.01	20/4/65
70	Other Financial (23)	346.07	−0.7	7.93	4.44	15.50	4.37	348.55	344.73	345.32	264.22	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (101)	760.65	+0.1	—	2.95	—	9.54	759.84	758.19	758.88	564.15	768.09	7/7	633.36	14/1	768.09	7/7/86	71.12	13/12/74
81	Mining Finance (2)	263.92	−1.4	13.66	6.08	8.54	6.11	267.62	270.21	267.99	261.68	331.16	21/5	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	682.78	−0.4	11.19	6.36	10.59	19.57	685.49	677.05	679.02	615.52	707.32	1/7	597.55	2/1	707.32	1/7/86	97.37	6/1/75
99	ALL-SHARE INDEX (734)	805.36	—	—	3.91	—	12.18	805.43	799.80	795.05	594.01	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	July 10	July 9	July 8	July 7	July 4	Year ago	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ‡	1626.4	−0.3	1628.2	1623.9	1626.7	1614.6	1599.8	1631.8	1649.4	1230.8	1717.6	3/4	1370.1	24/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 11	Day's change %	Thurs July 10	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	122.78	+0.10	122.66	—	6.45
2	5-15 years	142.00	−0.35	142.50	—	6.90
3	Over 15 years	149.07	−0.70	150.12	—	7.57
4	Irredeemables	165.83	−0.77	167.13	—	7.27
5	All stocks	137.93	−0.27	138.30	—	6.92
	Index-Linked					
6	5 years	113.08	−0.20	113.31	—	1.18
7	Over 5 years	116.18	−0.48	116.74	—	1.77
8	All stocks	115.60	−0.43	116.10	—	1.66
9	Debentures & Loans	121.06	−0.24	121.35	—	5.82
10	Preference	87.36	−0.17	87.50	—	3.58

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 11	Thurs July 10	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	7.95	7.93	10.19	10.26	20/1	7.37	18/4
2	Coupons	15 years	9.13	9.05	10.23	10.65	20/1	8.32	18/4
3		25 years	9.17	9.09	10.23	10.65	20/1	8.33	18/4
4	Medium	5 years	9.33	9.30	11.12	11.89	14/1	8.58	18/4
5	Coupons	15 years	9.44	9.36	10.62	11.15	20/1	8.58	18/4
6		25 years	9.45	9.36	10.19	10.74	20/1	8.58	18/4
7	High	5 years	9.52	9.50	11.16	12.07	20/1	8.73	18/4
8	Coupons	15 years	9.59	9.50	10.78	11.32	20/1	8.73	18/4
9		25 years	9.45	9.35	10.34	10.81	20/1	8.73	18/4
10	Irredeemables †		9.05	8.97	9.89	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs.	3.76	3.85	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs.	3.49	3.48	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10%	5 yrs.	2.43	2.68	0.0	4.23	14/1	2.11	29/4
14	Inflat'n rate 10%	Over 5 yrs.	3.31	3.33	0.0	3.85	14/1	3.09	19/5
15	Debs &	5 years	9.76	9.74	11.74	12.78	27/1	9.72	8/7
16	Loans	15 years	10.18	10.14	11.56	11.93	4/2	9.79	22/4
17		25 years	10.26	10.22	11.39	11.83	21/1	9.69	17/4
18	Preference †		10.48	10.46	12.29	12.18	24/2	10.38	9/6

‡ Opening index 1625.7; 10 am 1628.2; 11 am 1627.1; Noon 1626.6; 1 pm 1624.9; 2 pm 1624.2; 3 pm 1624.4; 3.30 pm 1624.0; 4 pm 1625.1.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.20	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p. CONSTITUENT CHANGES: Samuel (H.) (34), Benford Concrete Machinery (6), Continental & Industrial Trust (71), Winterbottom Energy Trust (71),

Benjamin Priest profits trebled

Benjamin Priest Group, the West Midlands manufacturer of drop forgings, spring pins and engineering products, trebled its pre-tax profits from £361,000 to £1.11m in the year to March 28 1986. At the interim stage, the group reported profits up from £4,000 to £429,000. A dividend of 0.3p was recommended — the first payment for three years.

The group also reported that it had entered into a conditional agreement with Plastic Moulding Tools, a private company situated in Birmingham, to acquire all its issued capital. The total consideration for the acquisition would be satisfied by the allotment of 4.56m new ordinary shares in the company which, on the basis of Priest's closing price of 18p per share on July 10, was equivalent to approximately £820,000.

A total of 2.74m of the 4.56m new ordinary shares to be allotted to the shareholders of PMT would be placed with investment clients of Rowe & Pitman and Albert E. Sharp.

In the year to September 30 1985, PMT had pre-tax profits of £163,000 on turnover of £1.63m. Net assets at that date were £399,000.

Priest's sales in the 1985-1986 year improved by 12 per cent from £31.57m to £35.41m. The directors pointed out that certain companies were closed or sold during the year to March 29 1985 and results for that year excluded turnover of £3.51m and loss before tax of £692,000 in respect of those companies. Provision had been made for that loss as part of the extraordinary items of £5.23m in the year to March 30 1984.

Trading profits were up from £1.02m to £1.58m, but interest charges were lower at £470.000 (£662.000). After tax of £143,000 (£57,000) and an extraordinary credit of £1.64m (nil) — which represented insurance proceeds recoverable in excess of net book value of fixed assets destroyed by fire—and dividends of £339,000 (£132,000), retained profits came out at £2.27m compared with £172,000.

Stated earnings per share rose from 1.02p to 3.73p basic, and from 0.72p to 1.24p fully diluted.

At the year-end, shareholders' funds increased from £9.34m to £11.61m, and bank borrowings were down from £3.09m to £1.56m.

The directors said the current year had started well and they viewed the future with continued confidence.

Windsmoor allocations

By Richard Tomkins

Chase Manhattan Securities yesterday announced details of the allocation of shares in Windsmoor, the fashion house which saw its offer for sale of 6.6m shares at 106p each oversubscribed 2¾ times when it closed on Wednesday.

Mr David Cohen of Chase Manhattan said the stags had stayed away from the issue but there appeared to have been a good level of response from Windsmoor customers. He looked forward to a reasonable premium when dealings begin next Thursday.

Applications were received for 16.99m shares, some 194,100 of which were applied for by employees. The employees' applications will be met in full while valid applications from the pubic will be met as follows:

Applicants for 200 shares will receive the full allocation. Those appying for 300-600 will receive 300 and those applying for 700-1,000 will receive 400.

Applicants for 1,500 will receive 500; applicants for 2,000 will receive 700; applicants for 2,500 will receive 800; and applicants for 3,000 will receive 1,000.

Applicants for 3,500 shares and over will receive about 36 per cent of the number applied for.

Letters of allotment will be posted next Wednesday.

Allied clears second legal bid hurdle

Allied Lyons yesterday passed the second legal hurdle in two days to its acquisition of Hiram Walker's drinks division when the Canadian Government gave its approval.

Investment Canada, the Canadian equivalent of the Office of Fair Trading, said that the C$2.6bn (£1.89bn) acquisition could go ahead assuming that the British company wins a series of further legal actions against the Reichmann Brothers who control Olympia York Developments.

The former management of Hiram Walker Resources arranged the sale of the distilling business to Allied earlier this year as part of its defence against a bid from Olympia. However, Olympia won control of Hiram and is now trying to reverse the sale in the courts. On Thursday its appeal against the rejection of an injunction blocking the sale to Allied was turned

Oakeshott takes control of Stewart Enterprise

BY CLIVE WOLMAN

MR MATTHEW OAKESHOTT, the former manager of the £550m Courtaulds pension fund and scourge of investment trusts, yesterday announced that he would be taking over the management of, and re-structuring, a small Scottish investment trust, the Stewart Enterprise Investment Company.

The new trust will be the first where management fees will be fixed partly on a performance-related basis.

The deal involves a trebling of the trust's gross assets through a £6.34m rights issue of convertible preference shares and the issue of an £8m debenture. Existing shareholders will also be able to sell their shares at a price representing 90 per cent of net asset value to the Scottish merchant bank, Noble Grossart, which is the adviser to the deal. They will also benefit from any premium when their rights entitlement is sold on a nil-paid basis.

The Stewart Enterprise share price yesterday rose 12p to 47p, compared with a net asset value of about 48p per share.

The investment trust is currently managed by Stewart Ivory, the Edinburgh fund managers, and its portfolio is heavily weighted towards smaller companies, especially unquoted securities. The new management company for the trust, Stewart Olim, is a joint venture between Stewart Ivory and Olim, the investment management company formed by Mr Oakeshott and his former colleague at Courtaulds pension fund, Mrs Angela Lascelles. The actual investment management will be carried out by Mr Oakeshott and Mrs Lascelles.

A performance related fee will be paid to the managers if, after three years, the total returns of the trust exceed those on the FT-Actuaries All Share index, the broadest measure of the UK stock market, by more than 10 per cent.

The policy of the new investment trust, to be called the Value and Income Trust, will be changed. Part of the portfolio will be invested in commercial property through a subsidiary company which is issuing the £8m debenture. Mr Oakeshott said his policy was to concentrate on unfashionable sectors of the property market, such as factories and warehouses and also retail sites in Scotland.

The rest of the portfolio will be invested in UK quoted equities, primarily those of smaller companies.

Mr Oakeshott resigned six months ago as Courtaulds' investment manager after five years. During that period he was outspokenly critical of the poor performance of several investment trusts, particularly some in Scotland, and succeeded in liquidating two after making hostile takeover bids. However he said yesterday that an amicable agreement had been reached with the existing managers on the new management and policy of Stewart

GT Management full listing

GT MANAGEMENT, is coming to the market with a price tag of £101.5m. The offer for sale of 12.5m shares at 210p each will be advertised on Monday.

Of the shares on offer, which represents 26 per cent of the capital, 4.85m are new, raising £9.3m after expenses for GT. The rest comes from existing shareholders led by Berry Trust.

Berry Trust backed the original team of Mr Tom Griffin and Mr Richard Thornton when the two ex-Foreign & Colonial men started off in 1969. However, the financial problems of UK Provident, which holds 29 per cent of Berry, precipitated the early float of GT. Berry will be selling 6.39m shares in GT, reducing its stake to 11.7 per cent.

In the last five years, the group's profits have expanded from £1.38m to £7.02m, while funds under management have risen from £821m to £3.36bn.

Diluting the equity base for outstanding share options, historic earnings come out at 11.9p per share for a p/e of 17.6 at the issue price. The notional yield is pitched at 2 per cent.

Baring Brothers and Cazenove are handling the issue.

Evered sells McKechnie stake at £3m loss

BY DAVID GOODHART

Evered Holdings, the manufacturing mini-conglomerate which last Monday failed in its £160m bid for McKechnie Brothers, has sold its 15.1 per cent stake in McKechnie at a loss of about £3m.

The loss had been expected after the fall in the McKechnie share price following the lapsing of the bid. It puts the total cost of failure to Evered at about £4m.

However, that figure is still eclipsed by the £16m profit that Evered is showing on the 14 per cent stake in TI.

The McKechnie stake was acquired by Evered at an average price close to 260p costing in total a little over £23m. The placing price was about 225p a share—netting just over £20m.

McKechnie stressed that the holding had been spread among a number of institutions. The company also announced the appointment to the main board of Mr John Kembery, head of the metals division, and Mr Stuart Moberley, head of the plastics division. McKechnie had intended to announce these changes during the bid but said they were prevented by the Take-Over Panel.

McKechnie fell 4p to 228p. Evered stayed on 240p.

BCA to pull out of £50m US deal

By Charles Batchelor

British Car Auctions (BCA), headed by Mr David Wickins, has pulled out of negotiations to sell for £50m, its US car auctions operations.

A strong upturn in the car auctions business in the US, and delays in completing the deal, persuaded BCA to end talks. It is now offering to buy out the minority shareholders in Sandgate Corporation, through which it owns 12 auction houses in the US.

In April, BCA reached agreement, in principle, to sell its 73 per cent stake in Sandgate—3.18m shares—for $18 a share to Cox Enterprises. In addition, Sandgate was to repay an $18m loan from BCA.

BCA originally expected to exchange conditional contracts with Cox, the owners of Manheim, a large US car auction group, by mid-May. Completion was due to take place by July 31. Completion could now take until the end of September or even later, BCA said yesterday.

"Taking into account the recently improved profitability of the US motor auctions and the unaccpetable delays, the board of BCA does not consider that the original deal is any longer in the interests of its shareholders," BCA said.

BCA's shares fell 2p to 131p yesterday.

Alida in £5m agreed bid

Alida, the USM-quoted plastic bag maker, has made an agreed £5m bid for G. W. Heath, the privately-owned distributor of packaging materials.

The controlling Bish family will receive £150,000 in cash and the proceeds of a placing of 691,463 new Alida shares. They have also agreed to retain another 1.1m shares. An additional £250,000 is payable if Heath's pre-tax profit for 1986 is £1m or more.

In 1985, Heath's turnover was £6.48m and pre-tax profit was £567,000, and net assets £1.4m. Alida will not be changing the existing management structure. It believes that through the acquisition of Heath's three merchanting operations and its customer base, the company will improve its penetration of London, the South-east and East Anglia.

Alida reported pre-tax profits of £2.21m on turnover of £28.8m in 1985. Its share price rose 8p to 268p.

COMPANY NEWS IN BRIEF

WILLIS FABER has established its holding at 20.78 per cent in the enlarged capital of Morgan Grenfell, by purchasing 4m shares at £5 each in cash. The value of Willis Faber's holding in last December's balance sheet was £48m; with the scrip issue shares and those recently acquired the value is now some £150m.

FLEMING CLAVERHOUSE Investment Trust declared an interim dividend of 1.7p (1.375p adjusted) to reduce disparity. The board also intends to declare a final of at least 3.5p.

IRISH WIRE Products, the Limerick-based maker of fasteners and finishes, announced yesterday that talks were taking place with a number of parties in an effort to secure its future. Irish Wire recently underwent a capital restructuring, involving the conversion of loans into shares, but was still loss making in the 12 months ended March 1985. It reduced the deficit however from I£620,000 to I£107,000. Its shares were unchanged at 18p yesterday, a price which valued the company at £126,000.

PEACHEY PROPERTY Corporation has purchased No 76 Cannon Street, EC, to carry out a prestige new office development adjoining Cannon Street Station. The vendor was Carless Investments, a subsidiary of Carless, Capel & Leonard.

ATKINS BROTHERS (Hosiery)—Chairman Mr Bill Dawson, told the annual meeting that trading in the first two months of the new year had started well, and order book in both the textile and electronic businesses indicated a buy autumn. The shareholding of C S Investments, representing the interests of Lincroft Kilgour, was sold on June 11. Throgmorton Trust and New Throgmorton Trust, already shareholders, now jointly hold just over 20 per cent of the equity.

N. BROWN Investments—At the AGM chairman Mr David Alliance said sales continued to be well ahead of last year and he was confident about the outcome for the full year. Computer and wholesale facilities had been extended substantially to cater for the planned expansion of existing business and to continue to improve the service to customers.

FORBUOYS, a subsidiary of Gallaher, has declared its offer for NSS Newsagents unconditional. Acceptances have been received in respect of 24.22m ordinary shares (75.4 per cent), including 3.77m accepted by Gallaher in respect of the 4.42m NSS shares bought in the market. The offer and loan note alternative have ben extended to July 24. Acceptances have been received in respect of 94.9 per cent of the NSS preference.

KENNEDY BROOKES has acquired the Kings Arms Hotel in Woodstock and the Corts Wine Bar in London. Total consideration is £985,000, to be satisfied by £323,750 in cash and £661,250 by the issue of 291,026 new ordinary shares.

Midland Marts

Oyston Estate Agency which on Thursday announced an agreed £6.8m bid for Midland Marts Group has now won more than 50 per cent of the company. Yesterday it said it had bought 15.8 per cent in addition to the 34.3 per cent already pledged taking its total to 50.1 per cent.

Oyston, which is the fourth largest estate agency in the UK by office numbers, has not yet decided whether to keep Midland Marts' public quote.

Home Brewery

Home Brewery, based in Nottingham, increased taxable profits from £2.08m to £2.29m for the six months to end-March 1986. Turnover was up from £27.12m to £28.71m.

Earnings per share were 21.6p (18.4p). An unchanged 4p interim dividend was declared.

The directors said that the brewery development was largely complete

Martin Ford

Iridium Investments, the consortium of fashion retailers and property dealers whose £11m takeover for Martin Ford lapsed on Thursday, said this did not affect its plans to revitalise the company.

The Iridium offer of 70p for each Martin Ford share had been made solely to comply with the Takeover Code and any shares acquired in addition to the 32 per cent already held by the consortium would have been placed, Iridium said.

Martin Ford, a retailer of childrens' and womenswear, incurred a pre-tax loss of £285,000 on sales of £7.22m in the year ended November 1985. Iridium plans to modernise the shops and target women in the 16-30 age group.

DIVIDENDS ANNOUNCED

	Current Payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Home Brewery ......int	4	—	4	—	11.5
Jersey Electricity ...int	‖5	Aug 22	4	—	15**
Park Food	2.8	Sept 16	2.4	4.2	3.6
Benjamin Priest	0.3	—	nil	0.3	nil

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted Stock. ¶ Over-the-Counter stock. ‖ Gross throughout.

CSR sells iron ore stake to CRA

BY OUR SYDNEY CORRESPONDENT

CSR, the big Australian mining and sugar group, continued its asset sell-offs yesterday with the sale of a half share in an undeveloped iron ore deposit at Yandicoogina in Australia's remote Pilbara region.

The buyer is CRA, the Rio Tinto Zinc group's Australian arm. Although the price was not revealed, it was believed to be about A$40m (US$25m).

The potentially large iron ore deposit lies 140 kms east of the Mount Tom Price mine of CRA's offshoot Hamersley Iron.

CSR last year envisaged developing a mine at Yandicoogina, spending A$100m to produce around 3m tonnes of iron ore a year. This latest sale follows CSR's disposal late last year of its share in the world's largest iron ore mine at Mount Newman to BHP, Australia's largest company.

A sluggish profit performance in recent years has prompted CSR to divest itself of some of its low profit mining ventures to concentrate on more lucrative enterprises such as building products.

In a separate move yesterday, BHP announced plans to develop its own Yandicoogina deposit with samples being sent immediately for full-scale production trials at the company's east coast steel works and at plants of overseas customers.

BHP at one stage wanted to buy CSR's Yandicoogina interest to add to its own, but insisted on taking 100 per cent rather *than the half share that CRA* was happy to buy.

As a result, Australia's two largest mining companies and iron ore producers now sit at either end of the Yandicoogina deposit.

A 4 per cent fall in iron ore prices in US dollar terms has discouraged CRA from making an early start to its new mine, although *it* is expected to begin a feasibility study soon.

CSR probably will allow CRA to undertake most of the development and the running of the Yandicoogina mine, in the same way it had been a substantial but silent partner in the Mount Newman joint *venture*.

However, mining observers expect an early start to the large iron ore mine at Channar, Hamersley Iron's deposit close to Paraburdoo, to the south of Tom Price.

The mine at Yandicoogina into which CRA has just bought has estimated recoverable reserves of 1,200m tonnes.

This compares favourably with the 725m tonnes of 63.7 per cent (high grade) iron ore in the deposit being mined at Tom Price and Paraburdoo.

Paper market explosion worries France

BY DAVID MARSH IN PARIS

EXPLOSIVE GROWTH in the French commercial paper market has been underlined by *latest statistics which show* outstanding issues totalled FFr 25.3bn ($3.6bn) last week, much higher than expectations *when the market was launched* last December.

The fast development of the market—originally expected by the Finance Ministry to total only FFr 10bn to FFr 15bn by the end of 1986—has created worries at the Treasury and Bank of France over the possible risks for monetary control.

According to figures from the Bank of France, last week's outstanding commercial paper issues were made by a total of 117 company and other borrowers. The volume compared with FFr 25.1bn at end June, FFr 22.6bn at end May and FFr 20.1bn at end April.

Nearly two thirds of total issues, however, were made by 15 large borrowers with volumes outstanding of more than FFr 500m.

As of end June, the bank noted a total of 1,069 issues in circulation, slightly more than half of which had maturities of 20 to 40 days.

Much faster expansion than expected of the market—part of the present wave of innovation on the French financial scene sparked a warning last month from Mr Michel Camdessus, governor of the Bank of France.

He said that companies in future would need to show restraint in making issues. Since such borrowing directly taps liquidity held by investment institutions and corporate treasurers without passing through the banking system, Mr Camdessus pointed out that it effectively escaped control by the Bank of France. This could lead to a rise in credit extended throughout the economy which could not be checked through the bank's normal monetary policy.

In order to vet the financial health of companies and other institutions tapping the commercial paper market, a credit rating agency has been set up under the aegis of Credit National, the official financing institution. This agency is expected to start delivering its first ratings on borrowers in September of October.

Sulpetro rearranges debt

By Robert Gibbens in Montreal

SULPETRO, THE troubled *West Canadian energy group*, has reached an agreement in principle with the Royal Bank of Canada for a new debt restructuring.

In the half-year ended April 30, Calgary-based Sulpetro, a major oil and gas producers, posted a loss of C$34.5m (US$25m) on revenues of C$50m, against a loss of C$25.3m *on revenues* of C$47m a year earlier. Total debt at last report was around C$600m, assumed *mainly for the 1980 takeover* of Candel Oil.

The restructuring is based on the reclassification of debt *scheduled payments from* cash flow, exchange of preferred shares and the issue to the bank of non-voting *common shares*.

These can total up to 50 per cent of all shares outstanding. They are con*vertible into voting common* shares, one for one.

Sulpetro said the agreement would allow it to keep *its core business operating* ready for when oil and gas markets improve.

Management resumes control of HK bank

THE HONG KONG Government is to return management control of Union Bank of Hong Kong to the bank's new board more than *three* months after the banking commissioner appointed an outside group to run it, AP-DJ reports from New York.

At the time, the Government said Union Bank's management was inadequate to stave off financial troubles. Using his discretionary powers, Mr Robert Fell, banking commissioner, on March 27 appointed Jardine Fleming and Co, a local merchant bank, to run Union Bank.

Since then a joint venture of Peking-backed China Merchants Steam Navigation *and Search International* has taken majority ownership of the bank and has installed new members on the board.

As a result, the Government said the bank's liquidity had significantly improved. Fresh lines of credit have also been extended to the bank and Jardine Fleming's management was no longer needed.

GE cancels joint venture with Sharp

By our Financial Staff

GENERAL ELECTRIC of the US, the diversified electrical products group, is cancelling its $250m joint venture with Sharp of Japan to build a semiconductor plant in the US.

Under a plan announced in 1984, RCA, which is now part of General Electric, and the Japanese company were scheduled to build what was claimed to be the world's most highly automated semiconductor factory in Washington State.

The two companies formed a joint venture, RCA/Sharp Microelectronics, in which RCA held 51 per cent and Sharp the rest. *The partnership was the first of its kind between big* Japanese and US integrated circuit manufacturers.

However GE said yesterday that it had informed Sharp that it did not need the Japanese company's help in building the factory because it already had a semiconductor plant elsewhere. GE said Sharp had decided not to build the plant alone.

Preliminary construction began in the autumn on the factory, which would have employed 600 people designing and producing complementary metal oxide semiconductors, or CMOS chips.

Second-quarter loss for Intel

BY PAUL TAYLOR IN NEW YORK

INTEL, the leading US semiconductor manufacturer, remained unprofitable in the second quarter, posting a $20m net loss—its fourth consecutive quarterly deficit — but noted some further improvement in new order levels.

The loss, equivalent to 17 *cents a share, compares with* net earnings of $9m or eight cents a share in the 1985 quarter on revenues which fell *by 15 per cent to $305.2m* from $360m. The latest quarterly loss came after a $2.5m extraordinary gain from the extinguishment of debt.

For the first half Intel reported a $43m or 36 cents a share net loss, after a $10m extraordinary gain, compared with net earnings of $20m or 17 cents a share last time. Revenues for the first half fell by 20 per cent to $585m from $735m.

Commenting on the results, which were broadly in line with market expectations, Dr Gordon Moore, the Santa Clara, California-based group's chairman and chief executive, noted: "We saw some improvement this *quarter from first-quarter levels.* For the fourth consecutive quarter, our volume of new orders increased and our book-*to-bill ratio remained over unity* for the second quarter in a row."

However Dr Moore warned: "*We expect it to continue to* be difficult to make progress due to the excess capacity in the semiconductor industry and the continuing softness in the computer industry, our main customer."

Survival plan for Storage Tech

BY LOUISE KEHOE IN SAN FRANCISCO

STORAGE Technology, the US computer peripherals manufacturer, has worked out a plan for emergence from Chapter 11 of the US Bankruptcy Code. The company has been operating under Chapter 11 since October 1984.

The company has reached an agreement in principle with its creditors on the terms of the reorganisation plan. It will pay off approximately $650m in liabilities with a combination of cash, notes and stock.

Creditors will receive about $140m in cash, and the company will issue $285m in 10-year notes with an interest rate of about 13.25 per cent. In addition, the company will issue stock representing 80 per cent of the post bankruptcy stock of the company, substantially diluting stockholders' equity.

Current shareholders are expected to retain between 10 and 15 per cent of the company when the plan is implemented, but the company warned that additional equity may be needed to "fulfil previous agreements or resolve material controversies."

Creditors will be divided into classes and compensated according to the seniority of their claims, the company said. Details of the classifications and the amounts to be distributed have yet to be negotiated.

Storage Technology said it would file its reorganisation plan with the bankruptcy court as soon as possible and hopes to have the plan approved by the court before the end of the year.

The agreement with creditors is subject to several terms and conditions and remains subject to the approval of a majority of shareholders in each class.

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*340)	300	45	57	67	1	5	7
	330	17	35	47	5	15	20
	360	2	18	28	23	28	33
B.P. (*565)	500	68	78	95	1	6	10
	550	22	43	58	4	19	27
	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold, Courtaulds, Com. Union, Cable & Wire, Distillers, G.E.C., Grand Met., I.C.I., Land Sec., Marks & Spen., Shell Trans., Trafalgar House, Lonrho, Brit Aero, BAT Inds, Barclays, Brit. Telecom, Cadbury Schweppes, Imperial Gr., Ladbroke, LASMO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
P. & O. (*505)	460	52	65	—	3	9	—
	500	23	43	55	12	28	32
	550	5	16	32	52	58	62
	600	2	8	—	100	100	—
Racal (*186)	180	19	30	38	7	9	11
	200	8	16	24	17	19	22
R.T.Z., Vaal Reefs, Tr. 11¾% 1991, Tr. 11¾% 03/07, Beecham, Boots, BTR, Bass, Blue Circle, De Beers, Dixons, GKN, Glaxo, Hanson, Jaguar, Thorn EMI, Tesco, FT-SE Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 11. Total contracts 15,000. Calls 11,376. Puts 3,624
*Underlying security price.

Kubota reports 49% plunge in income for year

By Ian Rodger in Tokyo

CONSOLIDATED net income of Kubota, the Japanese farm equipment and *engineering* group, slumped 49 per cent to Y7.6bn ($47m) in the year to April 15, 1986.

The company *cited the sharp* appreciation of the yen, high costs incurred in overseas projects and other factors as reasons for the drop.

Consolidated sales rose 1.5 per cent to Y656.5bn. Export sales declined 7.6 per cent to Y136.2bn, reflecting *the impact* of the high yen on the competitiveness of Kubota products in world markets, but home market sales were up *4.2 per cent* to Y520.4m.

Farm and industrial equipment sales were up 4 per cent to Y288.9bn, water pipe *sales* were down 3.5 per cent to Y177.9m. Industrial castings and machinery sales were down 0.9 per cent to Y122.7bn *but* building materials and housing sales rose 10.2 per cent to Y66.9bn.

Shareholders' equity *dipped* 1 per cent to Y3,940 per 20 common shares.

Utd. Tech chief sells stock

MR HARRY GRAY, chairman of United Technologies, has sold 38 per cent of his holdings in the company's common stock since early February in what the company called a "personal diversification plan," AP-DJ reports.

His sale of 115,000 shares, out of a total of 300,000 previously held, began on February 6 and ended April 28, according to Securities and *Exchanges* Commission filings.

United Technologies, based on Hartford, Connecticut, *makes diverse products*, including Pratt & Whitney aircraft engines, Sikorsky helicopters, Otis elevators, *Norden defense systems*, Carrier air conditioners, auto parts and industrial products.

Mr Gray sold his stock at *more than $50 a share, or an* indicated total of more than $5.7m.

Penn Central plans disposals

PENN CENTRAL, the US electronics and energy group, plans to sell the pipeline and retail propane distribution businesses and assets of its Buckeye Pipe Line and Buckeye Gas Products subsidiaries to an equity partnership, AP-DJ reports.

The partnership would be *formed to raise a portion of* the purchase price for these businesses through a public or private offering of limited *partnership units and the bal*ance through offerings of debt securities.

Marubeni hit by upturn in yen and shipping losses

MARUBENI, *a major Japanese* trading house, yesterday reported a Y14.763bn ($92m) consolidated loss in the fiscal year ended March 31, in contrast with a Y26.2bn profit in the previous fiscal year, **AP-DJ *reports from Tokyo.***

Sales edged up 4.4 per cent Y1,431bn from Y1,370bn. Per share loss was Y15.81, turning around from a Y28.76 profit.

Marubeni ascribed the poor fiscal 1985 performance to losses stemming from the depreciation in value of foreign currency bonds in its possession after the yen's sharp upturn. It also blamed losses incurred by overseas shipping subsidiaries suffering from the present sluggish world shipping market.

The strong yen also oppressed *sales during the year.* Revenue from handling trade among other countries, 21.3 per cent of business, increased by 14.5 per cent from fiscal 1984 to Y3,047bn while domestic trading brought in Y4,813bn in revenue, up 5.5 per cent and 33.6 per cent of business.

However, Revenue from handling imports eased to *Y2,891bn. Exports* were stagnant at Y3,562bn. The import revenue accounted for 20.2 per cent of business and the export revenue 24.9 per cent.

Marubeni did not tmake earnings predictions for fiscal 1986. However, the group expects net profit to improve greatly, though it will be influenced by currency fluctuations. Sales are seen declining slightly.

FOREIGN EXCHANGES

Short covering helps dollar

The dollar rose in currency markets yesterday as a result of a technical reaction to Thursday's cut in the US discount rate. *The reduction to 6 per cent from* 6.5 per cent had on balance been expected although the timing may have caught a few people off *guard. Nevertheless the reduc*tion prompted a steady way of shortcovering which accelerated towards the close of business and *briefly boosted the dollar to* above DM 2.19 against the dollar to a high of DM 2.1920.

However the very reasoning *behind the reduction — con*tinued sluggish economic growth — may bring the market around next week especially since West *German and Japanese authorities* have made it clear that it is not their intention to consider an immediate cut in their rates. *This remains to be seen* since a weaker dollar will create further pressure on Japanese exports which have already suffered from the yen's rise over the last year.

Against the yen the dollar closed at Y161.35 up from Y160.35 on Thursday and DM 2.1880 compared with DM 2.1745. Elsewhere it improved to SFr 1.7880 from SFr 1.7775 and FFr 7.0225 from FFr 6.9775. On Bank of England *figures, the dollar's exchange* rate index rose to 113.9 from 112.7.

Sterling continued to lose ground yesterday, undermined by a further fall in oil prices. Its exchange rate index closed at its lowest level for [illegible] months at 74.6 down from an opening level of 75.0 and Thursday's close of 74.9. A fall in the rate of inflation as measured by the retail price index, to 2.5 per cent was in line with expectations and had little effect.

The pound fell to 1.505 against the dollar down from $1.5165 on Thursday and DM 3.2925 compared with 3.297[illegible]. *Elsewhere it slipped to* Y242.7 from Y243.25 and SFr 2.69 from SFr 2.6950. Against the French franc it fell to FFr 10.5675 from FFr 10.5525.

£ IN NEW YORK

July 11	Latest	Prev. close
£ Spot	$1.5025-5040	$1.5160-5170
1 month	0.44-0.41pm	0.42-0.41pm
3 months	1.25-1.20pm	1.25-1.20pm
12 months	4.30-4.20pm	4.35-4.25pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 11	Previous
8.30 am	75.0	75.5
9.00 am	75.0	75.2
10.00 am	75.0	75.2
11.00 am	75.0	75.3
Noon	74.9	75.2
1.00 pm	75.0	75.1
2.00 pm	74.7	75.0
3.00 pm	74.6	74.7
4.00 pm	74.6	74.9

CURRENCY RATES

July 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.780651	0.647136
US $	6	1.18311	0.979441
Canadian $	8.84	*	1.34918
Austria Sch	4	18.1336	15.0544
Belgian Fr	8	53.0885	43.9940
Danish Kr	7	9.63183	7.98295
D'mark	3½	2.57984	2.13832
Guilder	4½	2.90522	2.40845
French Fr	9½	8.28896	6.86588
Lira	12	1770.30	1467.69
Yen	3½	188.724	157.641
Norway Kr.	8	8.90730	7.36540
Span'h Pta.	-	164.141	136.142
Swedish Kr	8	8.41308	6.97215
Swiss Fr.	4	2.10628	1.74536
Greek Drch	20½	165.312	136.965
Irish Punt	-	0.854940	0.710512

*C$/SDR rate for July 10. 1.63179

CURRENCY MOVEMENTS

July 11	Bank of England Index	Morgan Guaranty Change %
Sterling	74.6	-16.9
U.S. dollar	113.9	+4.9
Canadian dollar	78.8	-11.8
Austrian schilling	127.2	+7.3
Belgian franc	95.1	-7.6
Danish Kroner	86.0	-1.1
Deutsche mark	135.9	+15.4
Swiss franc	162.1	+18.8
Guilder	126.0	+9.9
French franc	69.1	-13.7
Lire	46.5	-17.5
Yen	212.5	+56.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

July 11	£	$
Arg'tina	1.3430-1.3455	0.8900-0.8910
Aus'alia	2.3625-2.3660	1.5664-1.5681
Brazil	20.77-20.90	13.77-13.84
Finland	7.6835-7.7037	5.1010-5.1030
Greece	[illegible]	[illegible]
H'Kong	[illegible]	[illegible]
Iran	119.55*	77.75*
Kuwait	[illegible]	[illegible]
Lux'burg	67.45-67.55	44.80-44.90
Malaysia	4.0000-4.0380	2.6480-2.6530
N'Z'land	2.8325-2.8415	1.8779-1.8852
Saudi Ar.	5.6565-5.6620	3.7510-3.7620
Sin'pore	3.3000-3.3100	2.1945-2.1965
S Af.(Cm)	3.8779-3.9106	2.5806-2.5873
S.Af.(Fn)	6.7089-7.0208	4.4445-4.6511
U.A.E.	5.5380-5.5435	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST POUND

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5030-1.5195	1.5045-1.5055	0.44-0.41c pm	3.39	1.25-1.22 pm	[illegible]
Canada	2.0741-2.0980	2.0751-2.0777	0.35-0.22c pm	1.62	0.99-0.73 pm	[illegible]
Nethlnd	[illegible]	[illegible]	[illegible]	4.06	[illegible]	[illegible]
Belgium	67.41-68.20	67.45-67.55	21-15c pm	3.20	52-44 pm	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	1.28	[illegible]	[illegible]
Ireland	1.0909-1.1067	1.0925-1.0935	0.13-0.05p pm	0.99	0.35-0.10 pm	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	5.47	[illegible]	[illegible]
Portugal	223.04-226.64	225.04-224.77	50-223c dis	-7.23	190-660 dis	[illegible]
Spain, Italy, Norway, France, Sweden, Japan, Austria, Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†, Ireland†, Canada, Nethlnd, Belgium, Denmark, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

July 11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling, U.S. Dollar, Can Dollar, D Guilder, Sw. Franc, Deutschmark, Fr. Franc, Italian Lire, B.Fr.(Fin), B.Fr.(Con), Yen, D. Kroner, Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 7¾ per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.505	3.293	242.8	10.57	2.690	3.693	2255.	2.076	[illegible]
$	0.664	1.	2.188	161.3	7.022	1.787	2.453	1498.	1.379	[illegible]
DM	0.304	0.457	1.	73.75	3.210	0.817	1.121	684.7	0.630	[illegible]
YEN	4.119	6.200	13.56	1000.	43.55	11.08	15.21	9287.	8.552	[illegible]
F Fr.	0.946	1.424	3.116	229.7	10.	2.546	3.494	2133.	1.964	[illegible]
S Fr.	0.372	0.559	1.224	90.24	3.928	1.	1.373	838.1	0.772	[illegible]
H Fl.	0.271	0.408	0.892	65.74	2.862	0.729	1.	610.6	0.562	[illegible]
Lira	0.444	0.668	1.460	107.7	4.687	1.193	1.638	1000.	0.921	[illegible]
C $	0.482	0.725	1.586	116.9	5.091	1.296	1.779	1086.	1.	[illegible]
B Fr.	1.481	2.230	4.878	359.6	15.66	3.985	5.470	3340.	3.075	100.

Yen per 1,000. French Fr per 10; Lira per 1,000; Belg Fr per 100.

MONEY MARKETS

Cautious optimism returns

Interest rates were lower in London yesterday despite the pound's weakness and falling *oil prices. The market took heart* from a cut in the US discount rate to 6 per cent but this on its own was probably not enough to reverse a growing mood of pessimism, fed by poor money supply figures and continued stressing by Government officials on the high level of unit labour costs.

However yesterday's actions by the Bank of England in servicing a relatively modest shortage gave rise to a more optimistic tone. By arranging sale and repurchase agreements for a short period at what was seen as a favourable rate, the Bank whether by design or not gave cause for renewed hopes that a cut in UK base rates was once more bavk on the cards.

Consequently three-month interbank money was quoted at 9⅞-10 per cent down from 10-10⅛ per cent on Thursday. Weekend interbank money opened at 10-10¼ per cent and eased to a low of 4 per cent before finishing bid at 5 per cent.

The Bank of England forecast *a shortage of around £550m* with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £340m and a rise in the note circulation a further £305m. In addition banks brought forward balances £50m below target. These were partly offset by Exchequer transactions which added £135m.

The Bank revised the forecast to a shortage of around £500m and gave assistance in the morning of £494m through outright purchases of £92m of eligible bank bills in band 2 at 9⅞ per cent, £16m in band 3 at 9⅞ per cent and £1m in band 4 at 9⅞ per cent. It also arranged sale and repurchase agreements on £385m of bills at 10-10⅛ per cent unwinding on July 22.

The Bank did not operate in *the afternoon.*

The average rate of discount at the weekly Treasury bill tender rose by 0.0867 per cent to 9.3907 per cent and the £100m of bills on offer attracted bids of £322.6m against 427.6m the previous week and all bills offered were allotted. The minimum *accepted bid* was 197.655, met that level as to about 81 per cent and above in full. Next week a further £100m of bills will be on offer, replacing similar amount of maturities.

UK clearing bank base lending rate, 10 per cent since May 22

FT LONDON INTERBANK FIXING

(11.00 a.m. July 11)

Three months US dollars		Six months US dollars	
bid 6 [illegible]	Offer 6 [illegible]	bid 6 [illegible]	Offer 6 [illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

July 11	Ov'rnight	One Month	Two Months	Three Months	Six Months	Lombard Int'vn
Frankfurt	4.35-4.40	4.55-4.65	4.55-4.65	4.55-4.65	4.55-4.70	5.5
Paris	7¼	7⅛-7¼	[illegible]	7⅛-7¼	7⅛	7
Zurich	[illegible]	[illegible]	—	[illegible]	—	—
Amsterdam	[illegible]	5-6	—	[illegible]	—	—
Tokyo	4.34375	4.65625	—	—	—	—
Milan	12-12⅛	11½-12	—	11¾-12	—	—
Brussels	7.50	7⅛-7¼	—	7⅛-7¼	—	—
Dublin	9⅞-9¼	9⅞-9⅛	9⅞-9	9⅝-9⅝	9⅝-9⅞	—

LONDON MONEY RATES

July 11	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	4-10¼	10-10¼	10-10⅛	9⅞-10	9⅞-9⅞	9⅞-9
Sterling CDs	—	—	9⅞-10	9⅞-9⅞	9⅞-9⅞	9⅞-9
Local Authority Depos	9⅞-10	10	9⅞-10	9⅞-10	9⅞-9⅞	9⅞-9
Local Authority Bonds	—	—	10⅛	10¼	10⅛	9⅞
Discount Mkt Depos.	3-10¼	10-10¼	9⅞	9⅞	—	—
Company Depos.	8-10	10⅛-10⅛	10⅛	10⅛	9⅞-10	—
Finance House Depos	—	—	10	10	9⅞	9⅞
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10	10⅛	9⅞	—
Dollar CDs	—	—	6.50-6.55	6.45-6.50	6.50-6.55	6.60-6.[illegible]
SDR Linked Depos.	—	—	[illegible]	[illegible]	[illegible]	[illegible]
ECU Depos.	—	—	7⅛-7⅝	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 9[illegible] per cent; three months 9⅞ per cent. Bank Bills (sell): one-month 9[illegible] per cent; three months 9⅞ per cent. Treasury Bills: Average tender rate of discount 9.3907 per cent. ECGD Fixed Finance Scheme IV reference date June 4 to July 1 (inclusive) 9.824 per cent. Local Authority and Finance Houses seven days' notice, others seven days fixed. Finance Houses Base Rate 10 per cent from July 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 10 per cent; one-three months 10 per cent; three-six months 9⅞ per cent; six-nine months 9⅞ per cent; nine-12 months 9⅞ per cent. Under £100,000 9⅞ per cent from June 25. Deposits held under Series 5 9⅞ per cent. Deposits withdrawn for cash 5½ per cent.

WORLD STOCK MARKETS

WALL STREET

Analysts sceptical on economy

STICKS SLIPPED lower on Wall Street yesterday, although secondary stocks continued to avoid a sell-off.

By 1 pm the Dow Jones Industrial Average was down 10.40 to 1,821.43, making a loss of 79.44 on the week, while the NYSE All Common index, at $139.42, lost 26 cents on the day and $5.25 on the week. Volume totalled 104.75m shares.

Analysts remained sceptical about the economy's ability to produce much improved earnings, even with the boost from a discount rate cut. Nonetheless, interest-rate sensitive issues reacted favourably to the discount rate action, with Utilities posting a solid advance.

Thursday night's cut in the credit market caused little reaction in stocks, since it had been widely expected. Some interest-sensitive issues and housing stocks advanced.

Selling of IBM shares, down $2¼ to $143⅞, ahead of Monday's earnings report kept Blue Chips off guard, and bearishness in futures spread to underlying stocks.

Among stocks advancing on unconfirmed rumours were Merrill Lynch, up $¾ to $36⅜, after a sharp rise Thursday, and ITT, up $1½ to $57. Merrill would not comment on rumours of a takeover bid, or asset sale. ITT said that rumours of a share buyback were unfounded.

American Brands fell $3⅞ to to $99⅞ and Winn-Dixie $2¼ to $47½. Arbitragers were growing frustrated at a lack of any developments on companies viewed as takeover targets.

THE AMERICAN SE Market Value index firmed 0.35 to 273.48, reducing its loss on the week to 11.11. Volume 6.14m shares.

CANADA

Stocks advanced in light trading.

The Toronto Composite index rose 10.4 to 3,025.3 and Golds 17.6 to 3,898.5 but Oil and Gas eased 3.7 to 2,411.7.

Canadian Imperial Bank of Commerce held unchanged at C$17⅞ after cutting its prime rate to 10 per cent from 10½ per cent, effective Monday.

TOKYO

Share prices, swept up by news of the US official discount rate, soared over 200 points on very heavy volume.

The Nikkei Dow Average moved ahead 200.95 to 17,670.77. The close, however, fell short of Tuesday's record high of 17,345.15. Volume was about 1.5bn shares, down from Thursday's near historic high of 1.6bn shares.

Steels continued to lead the market, which generally finished strong across the board. Certain Blue Chips and export-dependent Electricals, which had languished recently because of investor wariness over the weak dollar and future moves by the ruling Liberal Democratic Party to stimulate Japan's economy, also performed well in Friday's bull market.

Electricals such as Hitachi, NEC, Sony, TDK and Sanyo Electric closed higher, as investors forgot, at least momentarily, their concerns about the weak dollar and its impact on these export-oriented companies.

HONG KONG

Steady in fairly quiet trading. Sentiment continued to be mixed with a slightly bearish bias in the absence of fresh factors.

The US discount rate cut heightened expectations of rate cuts here and helped offset the bearish sentiment.

The Hang Seng index rose 3.39 to 1,721.69 and the Hong Kong index 0.88 to 1,074.10. Turnover HK$208.80m (HK$306m).

Brokers said a major Middle East investor continued to unload shares and has been responsible for a large part of the market's decline in the past few days.

SINGAPORE

Gains were recorded over a broad front on increased buying and short covering in fairly moderate trading.

Dealers said more investors came in the afternoon to buy Blue Chips and quality stocks, which coupled with purchases by Central Provident Fund account holders of trustee stocks helped several counters to post double-digit gains.

The Straits Times Industrial index gained 10.03 to 732.01. Turnover 11.9m (8.6m) units.

But selected "low-priced" stocks and speculative issues continued to dominate trading.

AUSTRALIA

Share prices continued to rebound from their sharp declines earlier in the week during moderate trading.

The All Ordinaries index rose 5.8 to 1,139.9, the All Industrials 12.3 to 1,816.7, All Resources 0.7 to 626.9 and Metals and Minerals 0.3 to 504.2. There were 72.3m (65.8m) shares traded nationally. Gains outnumbered declines 305-to-213, with 338 issues unchanged.

Industrials were stronger in anticipation of lower domestic interest rates flowing from the US Federal Reserve's cut in its discount rate on Thursday.

Solid gains continued among the Gold Minings.

Bearish economic news was shrugged off, including the announcement that Moody's Investors Service was about to review Australia's Triple-A debt rating, and Australia's current account deficit topped A$14bn in the year to June 30.

Broken Hill Proprietary put on 4 cents to A$8.26—it is expected to report a record profit for its fiscal year on Monday. Rumours that another takeover effort for the big Australian company have affected other share prices, including Bell Resources, which controls nearly 30 per cent of BHP. Bell shares fell 10 cents to A$3.80.

PARIS

French shares firmed towards the close of the main season in moderately active trading ahead of the long holiday weekend. Gains outnumbered declines by 86-to-63, with 19 unchanged.

Dealers said market sentiment had been encouraged by the half point cut in the US discount rate, and by French retail prices using a provisional 0.3 per cent in June.

GERMANY

Most leading German shares ended little changed in quiet and featureless trading.

Business started off briskly with prices rising, but the rally was short lived.

This week has seen a firmer trend in practically all sectors but operators did not feel this was a fundamental turnround after several weeks of softer prices, dealers said.

The Commerzbank index of 60 leading shares, calculated at mid-session, rose 24.8 to 1884.60.

SWITZERLAND

Higher on increased turnover as more demand from abroad drove markets up. Beside the firmer dollar, US discount rate cut had some stimulating influence on foreign investors' behaviour, while domestic operators were barely concerned and stayed on the sidelines.

Banks moved ahead across the board, with bearer shares of UBS and Credit Suisse SFr 10 higher at 5,740 and 3,740 respectively.

AMSTERDAM

Dutch shares higher after active business. The all-share index hit a new all-time record rising 1.5 to 294.4 and turnover totalled Fl 508m. Dealers said this was mainly due to a bullish trend in domestic funds.

The US domestic rate cut fanned expectations of lower interest rates and set investors to wait for a German or Japanese response. Although both countries stated they would not ease rates imminently, hopes continued. Easing domestic money market and lower local interbank rates boosted sentiment.

Philips' rose Fl 1.3 to 51.3, despite expectations of unfavourable results from its US subsidiary, due later yesterday.

Closing prices for North America were not available for this edition.

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

SWITZERLAND

JAPAN

FRANCE

NETHERLANDS

SINGAPORE

AUSTRALIA

SOUTH AFRICA

NEW YORK INDICES

CANADA

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Fresh drought fears boost coffee prices

BY RICHARD MOONEY

AFTER ITS long decline the coffee market sprang to life this week as the Brazilian weather provided new cause for concern. But the concern was not about frost, as might be expected at this time of year. Once again drought was the culprit.

London's coffee futures market began the week with a further fall which took the September position down to a new 9-month low of £1,600 a tonne at one point on Monday. Then a recovery was triggered which helped the market to edge higher over the next few days.

It was not until yesterday, however, that the rise really took off, following the publication of a report by Accu-Weather of the US which pointed out that a new drought situation was threatening on the Brazilian coffee belt, which had been seriously short of rain for two months.

Speculators who had been watching the weather reports for signs of cold fronts which might bring a damaging frost to Brazil's coffee regions were quick to respond—especially as the 1985 drought which is estimated to have halved the 1986-1987 crop was still fresh in their minds. London coffee futures prices climbed above £3,000 a tonne at the beginning of this year as a direct result of last year's drought damage.

The new scare prompted a rise of £121.50 in the September futures position yesterday, taking it £154.50 up on the week at £1,797.50 a tonne.

Cocoa prices also turned in a stronger performance with the September position ending £46 higher at £1,338.50 a tonne, in spite of falling back by £20 yesterday.

The firmer tone reflected increasing hopes that an effective international cocoa agreement can be thrashed out at a negotiating session which began in Geneva on Monday and has been extended into next week.

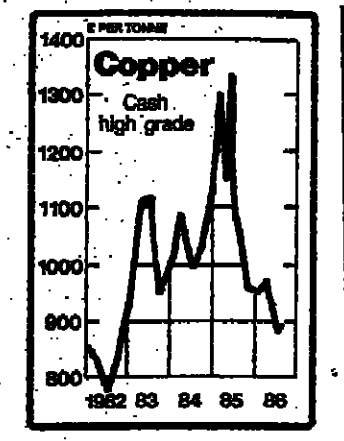
The meeting follows an abortive session in February which broke up after the Ivory Coast's Agriculture Minister, Mr Denis Bra Kanon, walked out in protest at consuming countries' demands for a reference price of 160 cents a pound (the consumers wanted 115 cents) and semi-automatic arrangements for adjusting the price to reflect changing market conditions. The Ivory Coast, the world's biggest cocoa producer, is not a member of the current agreement but its participation is considered essential if a new pact with price stabilisation functions is to replace it when it runs out at the end of September.

With the Ivory Coast back at the negotiating table consumer delegates have been encouraged by the less aggressive stance being adopted by producers this week. And the gap between the two sides has been narrowed significantly by the producers cutting their price target to 107.5 cents a pound.

On the London Metal Exchange base metals all began the week with losses but gained ground later.

The cash Grade A copper price slipped £42 on Monday and Tuesday but recovered to end only £15.50 down on the week at £897 a tonne. Currency factors played a part in the rally which was also encouraged by reports of Chinese demand.

With an £11.50 rise to £748.50 a tonne for cash metal aluminium was the only base metal to end higher on the week. This may partly reflect the fact that this is the only metal still to be feeling the effects of labour disruption, following the settlement of most of the US copper industry disputes and reports that Australia's Broken Hill lead-zinc mines could soon be back in operation.



David Owen writes from Chicago: Just as it appeared that US labour negotiations in the copper and aluminium sectors were edging towards settlement, news came through yesterday that two locals of the Aluminum Brick and Glass Workers' International Union had voted against ratifying a tentative agreement with Alcoa, the largest US aluminium producer.

This will concentrate the focus of a strike, which started on June 1 at Alcoa plants, on to two major installations: those at Warwick in Indiana, and Massena in New York State. A total of 3,600 ABGWIU workers are employed at the two plans. "Warwick is Alcoa's key can sheet plant," according to one industry analyst. "The unions have a lot of leverage there."

An Alcoa official claimed that the continued stoppage would not affect supplies to customers. "The products that we make at these plants can be produced at our Davenport, Alcoa and Lebanon facilities," he said. Production from Warwick and Massena has continued to meet production targets throughout the strike, he added, although it seems that these targets have been lowered somewhat as a result of the stoppage.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1225/245	+5	$1030/1060	$1400/1450	$1150/1170
Antimony					
Free Market 99.6%	$2300/2400	—100	$2800/2900	$2720/2780	$2300/2400
Copper-Cash Grade A	£897	—15.5	£1046.5	£1028.5	£870.5
3 months Grade A	£907.25	—2.25	£1052.75	£1059.25	£882.5
Gold per oz	$348	+4	$316.25	$362	$327.5
Lead Cash	£247.5	—13	£287.5	£295	£235.5
3 months	£251.5	—10	£291.5	£291.5	£241.25
Nickel					
Free market	175/195c	—	250/260c	195/215c	175/195c
Palladium	$112.25	+0.50	$94.35	$115.10	$95.25
Platinum per oz	$435.65	+7.90	$255.75	$460.50	$342.50
Quicksilver (76 lbs)	$190/200	—5	$285/295	$250/260	$195/205
Silver per oz	334.15p	—7.25	456.40p	452.10p	317.70p
3 months per oz	341.95p	+7.40	446.65p	466.20p	325.60p
Tin					
Free market	£5,620/640	+15	†	£5500/6250	£5,420/450
Tungsten Ind	$54.42	—	$72.75	$59.74	$54.42
Wolfram (22.04 lb)	$42/50	—	$58/62	$56/63	$42/50
Zinc cash	£532.5	+6	£513.5	£552.5	£409
3 months	£532.75	+5.5	£504.5	£551.5	£419.25
Producers	$840	—	$850	$840	$650/670
GRAINS					
Barley Futures Sept	£96.60	—0.15	£100.40	£118.80	£96.90
Maize French	£134.50	—0.50	£141.00	£146.50	£130.00
WHEAT Futures Sept	£99.50	+0.25	£100.85	£121.45	£98.50
SPICES					
Cloves	$4,400	—100	$3,250	$4,900	$4,400
Pepper white	$5,000	—350	†	$6,725	$4,600
black	$3,950	—50	$3,700	$4,400	$3,600
OILS					
Coconut (Philippines)	$230y	—	$550	$440	$225
Palm Malayan	$230w	—	$510	$405	$230
SEEDS					
Copra (Philippines)	$160y	—	$535	$270	$145
Soyabeans (U.S.)	$153y	+2	$220	$229.8	$148
OTHER COMMODITIES					
Cocoa Futures Sept	£1338.5	+46	£1694.5	£1,804.5	£1,264.5
Coffee Futures Sept	£1797.5	—154.5	£1671	£3,007.5	£1,651.5
Cotton Outlook A Index	37.85c	—0.95	51.50c	55.25c	37.85c
Gas Oil Fut. Sept	$97.25	—3.25	$216.5	$232.75	$92.75
Jute LJA BWC grade	$235	—10	$455	$320	$235
Rubber kilo	57.5p	+1.5	55p	64.25p	54p
Sisal No. 3L	$620	—	$620	$620	$590
Sugar (Raw)	$132y	—12.5	$86.5	$222.5	$115
Tea (quality) kilo	186p	+6	†	202p	175p
(low med) kilo	94p	+2	102p	118p	80p
Wooltops 64s Super	395p kilo	—7	440p Kilo	428p kilo	395p kl

† Unquoted. (g) Madagascar. (w) Oct. (y) July-Aug. (2) Aug-Sept

ALUMINIUM

Official closing (am): Cash 748-9 (745.5-6), three month 774.515.5 (751-1.5), settlement 749 (746). Final kerb close: 758-9. Turnover: 11,650 tonnes.

	Unofficial close (p.m.) $ per tonne	+ or —	High/low
Cash	748-9	+9	748/748
3 months	768-8.5	+1.75	760/755

ZINC

Official closing (am): Cash 527-9 (510-10.5), three months 527-8 (512.5-3), settlement 529 (510.5). Final kerb close: 530-1. Turnover: 12,450 tonnes. US Prime Western: 41.50-44.75 cents per lb.

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	538-3	+20.5	539/529
3 months	532.5-3	+18	534/514

COPPER

Official closing (am): Cash 893.5-4.5 (883-3.5), three months 903.5-4 (895.5-6.5), settlement 893.5 (883.5). Final kerb close: 905-5.5.

Grade A	Unofficial close	+ or —	High/low
Cash	895.5-7.5	+12.5	897/892.5
3 months	907-7.5	+8.5	908/898

Official closing (am): Cash 851-2 (847-8), three months 874-5 (872-3), settlement 852 (848). US producer prices: 62.50-67.00 cents per lb. Total turnover: 35,150 tonnes.

Standard			
Cash	858-60	+18.5	861/851
3 months	880-2	+18	876/874

GOLD

Gold rose just $4 an ounce from Thursday's close in the London bullion market yesterday to finish at $347¾-348¼. The metal opened at $347¾-348¼ and traded between a high of $348-348½ and a low of $347¼-348. Trading was generally quiet and uneventful with dealers a little disappointed that gold had failed to attract sufficient interest to push it above the $350 level, breached earlier in the week.

GOLD BULLION (fine ounce) July 11

Close	$347¾-348¼	(£230¼-231)
Opening	$347¾-348¼	(£230-230½)
M'n'g fix	$347.65	(£229.396)
Aft'n'n fix	$348.10	(£230.606)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$347-349	(£230-231)
½ Krug	$182-183½	(£120½-121½)
¼ Krug	$93-94	(£61½-62)
1/10 Krug	$37¼-38½	(£24¾-25½)
Mapleleaf	$356½-359½	(£236-238)
Angel	$355-358	(£235-237)
New Sov	$81-82	(£53¾-54¼)
Old Sov	$82¼-84¼	(£54½-55¾)
$20 Eagle	$425-475	(£281¾-314¾)
Noble Plat	$462-464	(£306-307½)

LEAD

Official closing (am): Cash 248.25-7 (245.5-7), three months 251-1.5 (247-8), settlement 247 (247). Final kerb close: 250-1. Turnover: 8,250 tonnes. US spot 21.00-24.00 cents per lb.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	247-8	—0.25	247/246.75
3 months	251-3		251.5/249

NICKEL

Official closing (am): Cash 2560-5 (2595-600), three months 2600-2 (2635-40), settlement 2565 (2600). Final kerb close: 2620-30. Turnover: 582 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2580-90	+12.5	
3 months	2620-30	+12.5	2630/2600

TIN

LME—Turnover: 29 (12) lots of

SILVER

Silver was fixed 1.85p an ounce higher for spot delivery in the London bullion market yesterday at 334.15p. US cent equivalents of the fixing levels were: spot 506.25c, up 0.15c; three-month 514.05c, up 0.15c; six-month 522.75c, up 0.05c; and 12-month 539.4c, down 0.1c. The metal opened at 334-335p (506-508c) and closed at 335¼-337p (505-508c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	334.15p	+1.85	335.5p	
3 months	341.95p	+1.85	341.5p	
6 months	350.40p	+2.00		
12 months	366.35p	+2.95		

INDICES

REUTERS

July 10	July 9	M'th ago	Year ago
1412.5	1422.5	1550.8	1727.3

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 10	July 9	Month ago	Year ago
Spot	124.57	124.69	—	118.50
Fut.	111.59	111.70	—	117.83

(Base: December 31 1931=100)

COFFEE

"Overnight reports of lack of rainfall in Brazil's coffee growing areas produced a large wave of short-covering," reports Drexel Burnham Lambert. A steady rise lifted prices by up to £131 and what selling appeared was easily absorbed.

COFFEE	Yesterday Close	+ or —	Business Done
July	1765-1770	+125.5	1770-1672
Sept	1795-1800	+121.5	1807-1695
Nov	1820-1830	+117.5	1835-1735
Jan	1857-1865	+117.5	1865-1770
Mar.	1865-1875	+94.0	1900-1805
May	1895-1905	+97.5	1881-1820
July	1910-1940	+102.5	1875-1850

Sales: 7,005 (3,874) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for July 10: Comp daily 1979 139.00 (137.60); 15-day average 143.37 (144.19).

GRAINS

Mnth	WHEAT Yesterday's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	118.50	+2.15	—	—
Sept	99.50	+0.20	96.60	—0.15
Nov	102.40	+0.25	101.95	—0.05
Jan	105.60	+0.30	105.05	—0.05
Mar	108.20	+0.30	107.50	—0.10
May	110.05	—0.10	109.10	—0.10

LONDON GRAINS—Wheat: US dark northern spring no. 1 15 per cent Aug 93.50, Sep 92.75, Oct 95.00 sellers transhipment east coast. US no. 2 soft red winter Aug 89.50, Sep 90.00, Oct 91.75. EEC second-half Jul 117.90. English feed fob Aug 101.25 buyer, Sep 101.00/102.00, Oct/Dec 106.00/106.50, Jan/Mar 111.00/111.25 buyer/sellers. Maize: US no. 3 yellow/French transhipment east coast Jul 134.50. Barley: English feed fob harvest 99.75 seller, Aug 99.25/99.75, Sep 98.75-99.25 buyer/sellers. Business done—Wheat: July 119.00-117.50, Sept 99.60-99.50, Nov 102.40-102.30, Jan 105.60-105.30, Mar 108.20-108.00, May 110.15. Sales: 121 lots of 100 tonnes. Barley: Sept 96.75-96.60, Nov 102.00-101.90, Jan 105.10, May 107.50, May untraded. Sales: 55 lots of 100 tonnes.

SOYABEAN MEAL

	Yesterday's close	+ or —	Business Done
August	121.5-121.7	+0.85	121.9-121.0
October	121.2-121.7	+0.70	121.5
Dec	123.5-124.0	+0.75	124.0
Feb	124.0-125.0	+0.60	—
April	124.0-125.0	+0.50	—
June	123.5-125.0	+0.75	—
August	122.5-126.0	+0.50	—

Sales: 100 (578) lots of 20 tonnes.

COCOA

Futures traded in fits and starts with volume of trade light and values easing to close £20 off in the nears but only marginally lower on the forward positions. After the physical activity of Thursday it was not surprising to see producers unwilling to follow prices down and consumers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1310-1315	—20.0	1332-1314
Sept	1338-1339	—20.0	1356-1337
Dec	1381-1382	—20.0	1397-1380
March	1411-1412	—12.0	1425-1410
May	1431-1435	—4.0	1443-1436
July	1447-1450	—5.0	1460-1450
Sept	1464-1467	—1.0	1474

Sales: 2,751 (5,340) lots of 10 tonnes.

ICCO indicator prices (US cents per pound): Daily price for July 11 89.13 (90.50); five-day average for July 14: 89.34 (89.17).

RUBBER

PHYSICALS — The London market opened slightly easier, attracted little interest throughout the day and closed idle, reports Lewis and Peat. Closing prices (buyers): Spot 57.50p (57.00p); Aug 58.75p (58.00p); Sept 58.75p (58.00p). The Kuala Lumpur fob price

US MARKETS

THE COFFEE MARKET attracted enormous buying interest on computer-led commission house buying, reports Heinold. A strong morning performance in London was met by aggressive short-covering in New York on the opening, with consecutive firm technical closes inspiring the change in sentiment. Despite the continuing absence of supportive fundamentals (there were no reports of imminent danger of frost to the Brazilian coffee-growing areas), the gains were fuelled by the triggering of key reversal chart points above 170c in the September position. At one point the limitless September added almost 9c to its value, and settled over 5c higher on the day.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	51.50	51.85	51.50	51.85
August	51.70	—	—	52.05
Sept	51.95	52.35	51.95	52.35
Dec	52.40	52.45	52.40	52.85
Jan	52.50	—	—	53.00
March	52.90	—	—	53.40
May	53.20	—	—	53.70
July	53.45	—	—	53.95
Sept	53.65	—	—	54.15
Dec	53.85	—	—	54.35

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1818	1850	1809	1825
Sept	1855	1864	1842	1887
Dec	1904	1918	1893	1914
March	1944	1959	1940	1950
May	1973	1981	1981	1989
July	1988	1980	1977	2006
Sept	2013	—	—	2030
Dec	2053	—	—	2068

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	171.00	172.00	167.00	164.05
Sept	172.60	175.70	168.25	166.81
Dec	174.24	174.24	172.00	170.24
March	177.45	177.45	174.25	173.45
May	179.73	179.73	177.25	175.73
July	181.75	181.75	181.73	177.76
Sept	183.38	—	—	179.75
Dec	184.25	—	—	180.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
July	59.15	59.25	59.15	59.05
August	59.25	—	—	59.15
Sept	59.60	60.40	59.55	59.45
Dec	60.20	60.90	60.20	60.15
Jan	60.35	60.90	60.90	60.30
March	60.70	61.35	60.80	60.65
May	61.05	—	—	61.00
July	61.35	62.10	61.60	61.35
Sept	61.65	—	—	61.65
Dec	62.10	62.80	62.45	62.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	30.30	31.00	30.10	31.25
Dec	30.90	31.32	30.80	31.43
March	31.62	31.90	31.57	32.12
May	32.50	32.65	32.30	32.90
Oct	34.65	35.05	34.65	35.26
Dec	35.44	36.00	35.49	36.17
Dec	36.54	36.60	36.52	36.60

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
August	11.14	11.30	10.93	11.25
Sept	10.54	11.00	10.45	10.99
Oct	10.68	11.03	10.56	11.10
Nov	10.85	11.20	10.78	11.27
Dec	11.05	11.40	10.90	11.44
Jan	11.05	11.50	10.80	11.50
Feb	11.00	11.45	11.00	11.56
March	11.10	11.40	11.10	11.62
April	11.30	11.70	11.20	11.68
May	11.25	11.75	11.25	11.74

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
July	346.7	347.7	347.7	347.4
August	347.8	349.9	347.5	348.6
Sept	349.5	—	—	351.0
Oct	350.9	352.8	350.5	351.7
Dec	354.1	356.0	353.5	355.0
Feb	357.4	359.4	358.0	358.3
April	360.6	—	—	361.5
June	364.0	365.8	365.8	364.9
August	367.5	—	—	368.4
Oct	371.0	—	—	372.0
Dec	374.8	—	—	375.8
Feb	378.8	—	—	379.9
April	382.9	—	—	384.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
August	31.75	32.70	31.55	32.70
Sept	32.45	33.20	32.10	33.46
Oct	33.25	34.15	33.15	34.45
Nov	34.10	35.10	34.00	35.35
Dec	34.90	36.05	34.90	36.35
Jan	35.35	36.70	35.35	37.05
Feb	36.10	37.25	36.10	37.70
March	33.70	35.00	33.80	35.20
April	32.50	34.05	32.80	33.80
May	31.50	32.80	32.00	32.80

SPOT PRICES — Chicago loose lard 14.00 (same) cents per pound. Handy and Harman silver bullion 506.0 (507.0) cents per troy ounce.

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	102.40	103.00	102.30	103.55
Sept	102.05	103.00	101.75	103.10
Nov	103.00	103.70	103.00	104.20
Jan	13.75	105.60	103.25	105.40
March	105.05	106.50	105.10	106.40
May	106.10	—	—	107.50
July	107.20	—	—	108.60
Sept	108.40	—	—	109.60

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	436.8	440.0	436.0	438.0
Oct	438.8	442.0	438.5	440.0
Jan	441.5	444.0	439.0	442.7
April	444.3	447.0	443.9	445.5
July	447.8	—	—	449.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	508.6	507.5	505.0	506.7
August	508.8	—	—	509.1
Sept	511.2	511.9	510.3	511.5
Dec	519.8	521.0	518.5	520.1
Jan	522.7	—	—	523.0
March	528.4	528.0	527.0	528.7
May	534.3	535.0	533.5	534.8
July	540.0	540.0	540.0	540.7
Sept	546.4	—	—	547.2
Dec	555.8	558.5	558.0	556.7

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	5.19	5.45	5.27	5.42
Oct	5.61	5.84	5.53	5.72
Jan	5.67	5.90	5.67	5.90
March	6.36	6.53	6.25	6.45
May	6.55	6.70	6.45	6.63
July	6.70	6.79	6.68	6.83
Sept	6.66	—	—	6.79
Oct	6.93	6.97	6.86	7.02

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Aug	55.15	56.05	55.10	56.42
Oct	54.70	55.40	54.40	55.45
Dec	55.90	56.45	55.75	56.35
Feb	54.40	54.75	54.15	54.65
April	55.65	56.10	55.60	56.07
June	56.15	56.50	56.00	56.60

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
July	57.85	59.15	57.60	58.15
Aug	55.60	56.55	55.10	55.97
Oct	51.57	52.20	51.10	51.52
Dec	50.52	51.10	50.22	50.57
Feb	48.55	49.00	48.25	48.60
April	43.90	43.90	43.30	43.90
June	45.25	45.25	44.40	45.20
July	45.22	45.35	44.60	44.90

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	202.4	204.0	198.0	197.6
Sept	173.4	175.2	173.0	172.6
Dec	173.6	175.6	173.2	173.4
March	183.6	185.6	183.4	183.4
May	188.6	190.0	188.2	188.4
July	190.0	191.6	190.0	190.0
Sept	185.0	187.0	185.0	184.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	86.10	87.95	86.10	88.10
Aug	83.30	85.25	83.02	84.92
Feb	73.52	73.80	72.60	72.82
March	73.12	73.20	72.20	72.20
May	71.12	71.45	70.60	70.60
July	66.30	67.15	66.00	65.15

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	527.4	531.4	527.0	526.0
Aug	508.6	511.4	507.0	507.2
Sept	491.6	493.0	490.0	487.4
Nov	488.0	489.0	485.2	482.6
Jan	496.4	497.0	493.6	491.0
March	505.4	506.4	503.0	500.0
May	511.0	512.0	509.0	508.0
July	514.6	516.0	512.0	509.0
Aug	513.0	—	—	507.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	151.7	151.7	149.4	149.2
Aug	145.0	145.1	144.0	143.9
Sept	141.5	141.7	140.5	140.4
Oct	139.3	139.8	138.9	138.3
Dec	140.9	141.0	140.0	139.6
Jan	142.2	142.3	141.0	140.6
March	144.0	144.5	144.0	143.2
May	146.4	146.4	145.5	145.7
July	148.0	148.0	146.1	148.0
Aug	147.0	148.0	147.0	—

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	16.29	16.38	16.74	16.27
Aug	16.29	16.44	16.27	16.30
Sept	16.48	16.58	16.43	16.44
Oct	16.54	16.65	16.54	16.54
Dec	16.96	17.15	16.93	16.93
Jan	17.00	17.28	17.00	17.00
March	17.42	17.57	17.42	17.30
May	17.60	17.95	17.60	17.60
July	18.00	18.10	18.00	17.92
Aug	17.93	17.93	17.93	17.90

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	263.4	265.0	258.0	257.8
Sept	257.6	259.2	252.0	253.0
Dec	258.2	260.4	253.0	255.4
March	252.6	256.2	248.6	248.0
May	241.0	244.0	238.4	238.0
July	229.6	233.4	226.0	225.4

FUTURES—Index 569, Aug 565-575, Sept 565-575, Oct-Dec 560-568, Jan-March 570-578, April-June 582-590, July-Sept 584-595. Sales: 0.

GAS OIL FUTURES

Month	Ystrday's Close US $ per tonne	+ or —	Business Done
Aug	92.75	—1.00	95.50-92.25
Sep	97.25	+0.25	97.50-95.50
Oct	102.00	+0.75	102.50-00.00
Nov	104.50	+2.50	104.50-04.00
Dec	108.00	+1.00	109.00
Jan	107.00	+0.25	—

Turnover: 1,340 (2,556) lots of 100 tonnes.

POTATOES

Reassuring reports by the PMB regarding the rumoured drop in acreage planted had little real effect on futures, which traded in a relatively narrow range with reduced volume as book-squaring operations predominated, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	118.60	119.10	120.00-118.00
Feb	128.90	129.50	—
April	177.10	178.70	178.50-177.00
May	185.00	186.50	188.00-187.00
Nov	80.00	80.00	—

Sales: 532 (1,421) lots of 40 tonnes.

Earlies—July 50.00, +5.50, 93.00; Aug 85.00, +2.50; Sept 82.50, —5.00. Sales: 4 lots of 10 tonnes.

OIL

15-day Brent weakened a further 20c in thin trade after a week of steadily eroding prices and very active trade.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—August		
Arab Light	—	—
Arab Heavy	—	—
Dubai	7.55-7.65	—0.05
Brent Blend	9.40-9.50	—0.25
W.T.I. (1 pm est)	11.05-11.15	—0.05
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	133-138	—11
Gas Oil	95-96	—1
Heavy fuel oil	58-63	
Naphtha	47-49	+1

Petroleum Argus estimates.

Nymex WTI opened steady for August but fell during the morning to close 32c down at midday in quiet trade. In the petroleum products market naphtha was talked firmer in quiet trading. Gasoline was assessed much

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.59p per kg lw (—0.68). GB—Sheep 180.52p per kg est d c w (+14.33). GB—Pigs 71.91p per kg lw (—0.63).

Month	LIVE CATTLE Y'day's close	+ or —	LIVE PIGS Y'day's close	+ or —
Aug	96.00	—	97.30	—0.50
Sept	96.50	+0.60	—	—
Oct	99.00	+0.50	103.50	+0.50
Nov	99.00	+0.50	103.50	+0.20
Jan	99.00	—	104.50	—
Feb	99.50	+0.50	—	—

Cattle sales: 0 (0) lots of 5,000 kg. Pigs sales: 0 (0) lots of 3,250 kg.

SUGAR

LONDON DAILY PRICE—Raw sugar $132.00 (137.00), down $3.50 (down £1.00) a tonne for July-August delivery. White sugar $169.00, down $3.00.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne F.O.B		
Aug	116.0-118.0	120.0-120.4	121.2-117.0
Oct	127.8-128.0	128.0-129.6	129.8-125.8
Dec	137.6-138.0	138.8-140.0	137.8-135.0
Mar	142.8-143.4	145.6-145.8	146.4-141.8
May	147.8-148.0	149.0-150.0	151.2-148.0
Aug	152.0-153.0	154.8-154.8	—
Oct	154.0-156.0	158.0-158.4	158.0-155.8

Sales: 5,789 (3,739) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £188.50 (£192.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 9: daily price 5.22 (5.30); 15-day average 5.71 (5.77).

PARIS—(FFr per tonne): Aug 1180/1190, Oct 1220/1234, Dec 1245/1264, Mar 1280/1290, May 1325/1330, Aug 1365/1375.

FREIGHT FUTURES

	Close	High/low	Prev.
Dry Cargo			
July	555/558	560/555	560/562
Oct	630/633	637/630	637/638
Jan	657/658	658/656	670/673
April	750/785	750/724	735/736
July	640/650	650	660/660
Oct	725/750	—	725/735
Jan	725/750	—	725/755
Apr	900	—	900
BFI	572.5		576.5

Turnover: 214 (192).

	Close	High/Low	Prev
Tankers			
July	930/950	940	935/960
Aug	930/950	—	930/960
Sep	985/1000	—	940/1010
Dec	1000/1075	—	1025
Mar	1075/1125	—	1060/1135
Jun	1150/1100	—	1080/1110

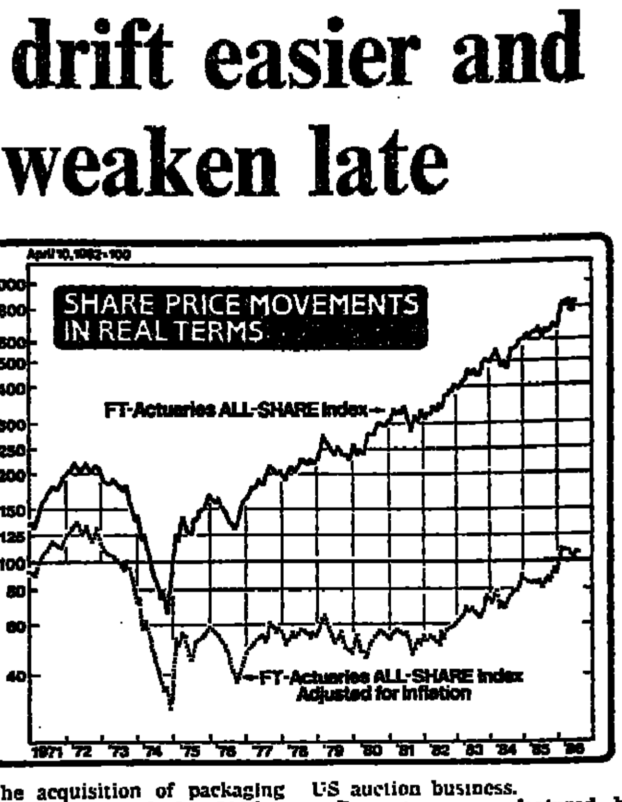
LONDON STOCK EXCHANGE

Equities drift easier and Gilts weaken late

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug 4
July 28	Aug 7	Aug 8	Aug 18

* "New-time" dealings may take place from 9.30 am two business days earlier.



The final session of a rather eventful week in stock markets drew to a drab close yesterday. Equity trade was restrained by end-Account influences and although interest rate hopes were rekindled following the cut of ½ to 6 per cent in the Federal Reserve Board discount rate, the news failed to generate much activity in London financial markets.

Commercial rates for credit eased but still hovered around current bank base rate levels of 10 per cent, while sterling remained sensitive to falling oil prices. The muted response to the US move indicated that both operators and investors were prepared to await similar reductions by Japan and Germany before embarking on any major new buying programmes.

Wall Street's good late recovery on Thursday ahead of the discount rate cut, which was announced after the official close of business there, was a support for leading shares. Many blue chips attempted to nudge higher but the movement was thwarted by dealer book-squaring and other end-Account operations. Throughout the late morning and early afternoon values drifted slightly easier until demand without penalty for the trading Account starting on Monday arrested the trend.

The FT Ordinary share index, which sustained a record points fall of over 30 on Tuesday, fluctuated within a narrow range and after being 4.7 down at 1.00 pm closed a net 3.3 off at 1,337.3. Over the week, the index was 19.2 lower.

Most of the action in the Gilt-edged market came at the official 3.30 pm close. News of further Government funding brought a partial collapse and price losses among longer-dated stocks were extended from ¼ to a full point. £800m of Treasury 8½ per cent 2007 is to be issued by tender, £25 payable on application, at a minimum price of £94½. Short Gilts were spared the weakness but index-linked suffered fresh falls after confirmation that year-on-year inflation had fallen to 2½ per cent.

Standard Chartered active

Standard Chartered continued to attract a sizeable two-way business awaiting the outcome of the hostile £1.3bn takeover bid from Lloyds Bank which closes at noon today; the Standard share price advanced to 789p initially as various overseas parties including Sir Yue-Kong Pao and the Bell Group of Australia raised their stakes in the company. Lloyds Merchant Bank, deemed to be acting in concert with Lloyds Bank, were also operating in the market. Following the withdrawal of the respective buyers, the Standard share price eased back to close unchanged on the day at 775p. Lloyds closed 8 higher at 420p.

Thursday's recovery in the Merchant banking sector proved short-lived and prices wilted again in the absence of further buying interest. Morgan Grenfell shed 5 to 475p, as did Kleinwort Benson, to 760p. Discount Houses were also dull with Cater Allen 5 off at 335p and King and Shaxson 4 cheaper at 144p. In sharp contrast, Goode Durant Murray, still excited by the Impala Pacific stake, gained 6 to 126p for a rise on the week of 51.

The Insurance sector showed London United 37 higher at 455p in the wake of the £23.4m rights issue proposal. Sun Life firmed 7 to 909p following good new business figures.

Lopex proved the outstanding feature in recent issues and jumped 18 to 133p following favourable Press comment.

Cider makers H. P. Bulmer featured the drinks sector, rising 10 to 165p in response to favourable Press mention; the preliminary figures are scheduled for next Wednesday. Elsewhere, Greene King, also due to reveal full-year figures next week, hardened a few pence to 208p, while Belhaven remained lively and touched 66p before settling 2 up at 64p for a gain of 9 on the week, the Virani group has sold part of its holding in the company to Establissement Novedil of Geneva.

Leading Buildings ended the Account on a subdued note. Blue Circle drifted off to close 8 cheaper at 622p, while Rugby Portland Cement softened a couple of pence to 164p. On the other hand, Tarmac attracted support following a broker's visit to the company and firmed 6 to 494p. Costain hardened 4 to 560p, but Barratt Developments shed that much, to 140p. George Wimpey continued firmly at 211p, up 3, and AMEC, still reflecting favourable Press comment, added a penny more to 265p. Elsewhere, Helical Bar improved 3 to 242p on news that Prampton and Co of Hong Kong had acquired an 8.2 per cent stake in the company as a long-term investment. Speculative buying gave a fresh boost to Wiggins Group which rose 7 to 110p for a gain on the week of 24. Raine Industries, still awaiting the outcome of merger discussions, slipped to 79½p but picked up on "new time" buying to close unchanged on balance at 82p. Profit-taking clipped 4 from Magnet and Southerns at 174p.

ICI moved ahead on currency influences to close 17 higher at 996p; the interim results are due on July 24. Elsewhere in the Chemical sector, Reabrook gained 10 to 78p following speculative buying while Allied Colloids ... of the acquisition of packaging group G. W. Heath for £4.75m.

W. H. Smith wanted

Leading Retailers finished a lacklustre week on a quietly mixed note. W. H. Smith "A" provided a noteworthy feature, however, rising 10 to 300p, after 302p, on consideration of the company's holding in Yorkshire Television. Dixons attracted revived interest ahead of next Wednesday's preliminary results and put on 6 more to 330p. In contrast, occasional offerings left Harris Queensway 4 cheaper at 244p, and Woolworth 5 off at 655p. Paul Michael Leisurewear firmed 4 more to 52p—a gain of 36 on the week—reflecting asset injection hopes in the wake of Cleves Investments' purchase of a controlling stake in the company.

Among the Electrical leaders, Thorn EMI, at 477p, lost 10 of the previous day's rise following comment on the preliminary figures. Elsewhere, Atlantic Computers, a firm market throughout the trading session, ended 30 higher at 275p on news of the proposed acquisition of the West German IBM leasing and distribution concern, BM Computer Systeme and BM Informatik Systeme for an undisclosed cash consideration. CASE, on the other hand, were nervously sold down to 66p before rallying to finish 8 off on balance at 72p. Dataserv were supported at 180p, up 8, while Ferranti ended 2 to the good at 120p, after 124p.

Leading Engineers were rarely altered, but Babcock encountered persistent buying interest and moved up to close at the day's best with a gain of 11 at 183p. Benjamin Priest firmed 1½ to 20½p on news of the agreed acquisition of PMT, but adverse Press mention prompted a fall of 5 to 69p in Manganese Bronze. McKechnie Brothers closed 4 lower at 228p; Evered placed its 15.1 per cent stake with institutional investors yesterday. Brasway, scheduled to reveal preliminary figures next Wednesday, rose 8 to 94p.

Among Food Retailers, Tesco featured with a rise of 15 to 375p in response to the chairman's confident statement at the annual meeting. Kwik Save firmed 4 to 274p following details of the acquisition of foodmarket operators Tates from Northern Foods for £3.68m cash; Northern also added 4, to 300p. Bejam attracted "new time" demand on revived takeover hopes and closed 3 dearer at 182p. Elsewhere, Hazlewood met fresh support and rose 20 to 848p, while Park Food gained 6 to 156p in reply to the good annual results.

Leading Hotels drifted lower owing to a lack of interest. Grand Metropolitan settled 5 cheaper at 388p and Trusthouse Forte slipped 2 to 160p. Ladbroke, a firm market recently, encountered profit-taking and shed 5 to 360p. Elsewhere, Mount Charlotte hardened a couple of pence to 84½p.

Beecham improve

The miscellaneous industrial leaders passed a quiet trading session, but Beecham, helped by overnight US support, improved to close 9 higher at 435p. Elsewhere, Pentland, a good market on Thursday following the second quarter figures from Reebok, were actively traded before settling a ¼ easier on the day at £10½. Technical Component Industries, reflecting Press comment, advanced 40 to 350p, while speculative demand left Radiant Metal 30 higher at 158p. Nu-Swift, still boosted by Hawley bid hopes, gained 7 more to 160p. Occasional support left London and Northern 5 to the good at 73p. Norman Hay, a strong market earlier in the week on takeover talk, reacted 10 to 180p in a limited market, but Philip Harris moved up 21 to 246p in belated response to the company's proposed acquisition of Scientific Supplies Company. Other bright spots included Gestetner, 5 better at 150p and Shiloh, 6 higher at 126p.

Strong buying ahead of the interim figures scheduled for July 18 boosted First Leisure 13 to 403p.

Jaguar came on offer and settled 12 lower for a net fall of 28 on the week at 548p. ERF, on the other hand, attracted revived speculative enthusiasm and put on 6 more to 111. Components featured Lucas which succumbed to end-Account offerings and dipped 13 to 595p. Elsewhere, British Car Auction eased a couple of pence to 131p following the termination of negotiations for the sale of its Sandgate US auction business.

Properties were featured by Property Holding and Investment which gained 9 to 154p following the share-exchange offer from Greycoat worth some £120m; the latter reacted on the news to close 20 down at 254p. Abaco were quoted ex rights at 80p and quickly moved ahead to close a net 8 up at 88p; the new nil paid shares opened at 32p premium and advanced to 36p premium. Egerton Trust, on the other hand, dipped to 98p following adverse Press comment before picking up to close a net 8 down at 106p. Takeover hopes boosted United Real 65 to 825p in a restricted market, while Press comment helped Property and Reversionary rise 6 to 228p. Apex found support at 90p, up 5, and Clayform rose 7 to 275p as its offer for Samuel Properties went unconditional.

Textiles highlighted John Crowther which responded to persistent demand and advanced 11 for a two-day gain of 17 to 174p; A. J. Gelfer, 10 up at 175p, and Sunbeam Wolsey, 7 dearer at 132p, both currently in receipt of bid terms from Crowther, improved in sympathy. Sekers International hardened a couple of pence to 124p ahead of next Monday's preliminary figures, but profit-taking clipped a few pence from Thursday's speculative high-flier S. Jerome, at 83p. Dealings in Francis Sumner were suspended at 24p pending an announcement.

Among Investment Trusts, Stewart Enterprises advanced 12 to 47p with the Warrants 7½ to the good at 17p following details of the intended change of investment policy and management; the proposals include a £6.34m rights issue, the placing of £8m of partly-paid debenture stock and a change of name to Value and Income Trust. Financials highlighted James Ferguson which improved 17 to 115 reflecting persistent speculative demand in a thin market.

Oils steady

Another fragile performance by oil prices, which are currently around their lowest levels for some twelve years, failed to produce any substantial selling of the leading oils. BP, which on Thursday announced the acquisition of the Purina Mills animal feeds division of Ralston Purina of the US for around $300m, were a shade firmer at 565p. Shell edged up a few pence to 777p. Tricentrol rose 3 to 48p on further consideration of the sale of its North American oil and gas interests while Ultramar held at 168p on news that Mr Ron Brierley's IEP Securities has increased its stake in the company to 10.57 per cent, or 29.95m shares. Britoil, on the other hand, eased 3 to 147p; America's Morgan Guaranty Trust holds around 6.5 per cent of the company's shares.

Thomas Borthwick, under pressure earlier in the week on news that discussions regarding the possible sale of its Australian meat processing business had been terminated, picked up on "new-time" buying and settled 3 firmer at 54p. Tozer Kemsley rose 7 to 173p on buying.

South African Gold shares lost ground for the first time in five trading sessions. An easier trend in the Financial Rand saw share prices drift easier throughout the morning and early afternoon but the emergence of short covering from the US, around the opening of Wall Street, took quotations a shade off their lowest levels. The Gold Mines index lost 5.5 to 198.1, leaving the measure only marginally higher over the week.

Weakness in Golds and growing concern over the series of strikes at numerous mines throughout South Africa prompted widespread falls among South African Financials.

Australians extended their recent rally but gains in London were restrained by the easier sterling rate. The leaders generally managed modest improvements of a couple of pence but Golds continued to make good progress.

Lack of interest upset UK-based Financials and Rio Tinto Zinc lost 9 to 590p, while Consolidated Gold Fields eased 5 to

Traded Options

For the third successive session, business in Traded Options was dominated by British Telecom. Operators displayed sizeable interest with 4,752 calls done, the August 200's and February 180's accounting for 1,774 and 1,500 trades respectively; BT also recorded 570 puts. Hanson Trust also found favour with 1,750 calls and 675 puts transacted. Total contracts traded amounted to 15,000.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 7	July 18	Oct 9	Oct 20
July 21	Aug 1	Oct 23	Nov 3
Aug 4	Aug 15	Nov 6	Nov 17

For rate indications see end of Unit Trust Service

Barham, NatWest, Raine, Jefferson Smurfit, Nolton, Amstrad, Bristol Oil and Minerals, Sound Diffusion, Tranwood, Abaco, Wiggins, Associated British Engineering and Goode Durrant and Murray. A put was done in P. & W. MacLellan, while doubles were struck in Johnson and Firth

STOCK EXCHANGE DEALINGS

Details of business shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. *Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business* was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

Greater London Council 6¾pc 1990-92 £91½
Aberdeen (City of) 10.80pc 2011 £108¼ (8/7)
Barnet Corp 12¼pc 1987 £101 11/16 (8/7)
Birmingham District Council 11½pc 2012 £116
Glasgow Corp 3½pc £32¼⊕
Islington Corp 11½pc 2017 £118½ (8/7). 12¼pc 1986-87 £100⅝ ¾
Kirklees Metropolitan Council 11.6pc 2030 £117 (8/7)

UK PUBLIC BOARDS

FOREIGN STOCKS

(coupons payable in London)

CORPORATIONS—FOREIGN

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

Assoc Electrical Inds 6¾pcDb 1986-91 £86¼
Assoc Fisheries 4¾pcPf (£1) 42 (7/7). 8¼pcLn 1991-96 £77½ (9/7)
Assoc Leisure 7½pcLn 1989-94 £77½ (9/7)
Automated Security (Hldgs) 5pcPf (£1) 125 (7/7). 8pcLn 1990-95 £325 9
Automotive Prods 9pcPf (£1) 116
Ayrshire Metal Prods 60
BET 8pcPfd (£1) 72. 5pcDb £38⊕ 40⊕. 4½pc2ndDb 34⊕
BETEC 8pcPf 1991-93 (£1) 295 (8/7)

C—D

E—F

G—H

I—K

Johnson Firth Brown 11.05pcPf (£1) 148 (4/7). 11pcLn 1993-98 £90 ½ (9/7)
Johnson Matthey 8pcPf (£1) 325 30 3
Johnston Grp 10pcPf (£1) 120 (8/7)
Jones Shipman 4.9pcPf 15 (7/7)
Jones, Stroud 10pcPf (£1) 124 (7/7)

Kalon Grp (15p) 28½ 9½
Kelsey Industries 11¼pcPf (£1) 143 (7/7)
Kenning Motor Grp 7pcPf (£1) 62 (7/7)
Kingsley & Forester 3.85pcPf (£1) 42

L—M

N—P

Q—R—S

T—U—V

Victor Products 10pcPrf (£1) 100 (8/7)
Victoria Carpet Hldgs 95 6½ 7½
Volvo AB B SK25 £35¾ (8/7)

W—Y—Z

WSL Hldgs Ord (5p) 185 7 ½ 8 9½ 9 90½ 1½ 1 2½ ½ 4½ 4 5½ 6½
Waddington (John) 6pcPf (£1) 45½ (4/7)
Walker and Staff Hldgs Ord (5p) 69 70
Walker (Alfred) 8¼pcPrf (£1) 155 (8/7)
Walker (Thomas) Ord (5p) 25 9 (9/7)
Ward White Group Prf (10p) 128 ½ 9
Warner Holidays Ltd 6½pcPrf (£1) 56⊕
Waterford Glass Group 11¼pcLn 1976-95 £79 (9/7)
Waverley Cameron 125
Weir Group 10pcPrf (£1) 105 (8/7)
Wellcome 187 8 ¼ 9 90 1 2
Wellman 10pcPrf (£1) 188
West Bromwich Spring Ord (10p) 35½. 11.5pc Prf (£1) 72⊕
West Riding Worsted and Woollen Mills 6pcPrf (£1) 55 (7/7)
Western Motor Hldgs A 155 7 8 60½
Westland Wts to sub for Ord 19 (9/7)

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

Mersey Docks Comb. Units 34 5. 3¼pcDb £79 (8/7). 6¼pcDb £63 7½ (8/7). 6¼pc Db £65 6 (8/7)
US WEST Inc (npv) £35 (7/7)

WATERWORKS

Bournemouth Dist Water 12¼pc Db 1995 £111½ (7/7)
Bristol Waterworks 4.9pc £55½ (8/7)
Cambridge Water 10pcDb 1996-98 £99¼ (9/7)
Chester Waterworks 3.15pcPf £30½ (8/7)

UNLISTED SECURITIES MARKET

Savage 120⊕
Perkins (John) Meats (10p) 25 8 (9/7)
Shield (5p) 92 5 7 9 100 1 3 4 5 6 7 8 ½ 9 10 ½ 1 2 3 4½ 4 5 6 7
Sigmex Intnl (10p) 55 (8/7)
Smallbone (10p) 172 3 4
Soundtracks (5p) 42⊕
Space Planning Services (10p) 99
Task Force (5p) 115
West Yorkshire Independent Hospital (50p) 87
York Equity Tst (10p) 59 60

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Hexcel £27¼⊕
Hill 50 Gold Mines 9 (8/7)
Hitachi 324⊕ (9/7)
Holiday Corp £38¼ (8/7)
Hong Kong Electric Hldgs 72 ;⊕
Hooker Corp 104 (8/7)
Horizon Pacific 10½⊕ (4/7)
Humana Inc £16.10⊕ (9/7)
Hunter Resources 35
ICI Australia 95 (8/7)
Industrial Equity 275 (8/7)
Jardine Matheson *Finance* Warrants 60 (7/7)

Woolltrd 170⊕
Woolltrd Class A 170⊕
Zayre Corp US$33½

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Abbey National Bldg Soc 11⅝pcBds 6.8.86 £99.983 (4/7)
Airship Inds (12½p) 25½ 6 (9/7)
Anglo-Am Agric 46 (4/7)
Astra 274 5
Ayrton Saunders 7½pcPf (£1) 35
Barbican (1p) 4½ 5
Bolton Hse Invs (5p) 50 1
Cambridge Instruments (5p) 135 40 (8/7)
Channel Hotels & Props (10p) 138½
Channel Island Communications 147 50 (8/7)
Dawson (Wm) (10p) 550 5
Economic Forestry (£1) 175 80 (4/7)
Everton FC (£1) £335 40 (4/7)
Frederick Place (£1) 105 10 (9/7)
GRI Electronics (10p) 90 5 (9/7)
Guernsey Gas Light (£1) 285
Hartley Baird (5p) 8 9 (7/7)
Hugin (10p) 240 (9/7)
Island Garages (10p) 25 30 (8/7)
Kunick Leisure (10p) 25¼
Le Riches Stores £11 610 5
London Cremation (50p) 65 70 (4/7)
Lon and Overseas Land (20p) (9/7)
Lovat Oil & Gas (20p) 13 (8/7)
Manx and Overseas Inv Tst (10p) 12 3 (8/7)
Merchant Manufacturing Estate (£1) 104 ½
Morgan Grenfell 4pcPf (£1) 34¾ 5 (8/7)
Oldham Ests (50p) 93 ½ 6 (9/7)
Oodles (10p) 19½ ¼ 7½ 20 ½ 1½
Park Lane Hotel 5.6pcPf (£1) 53 7
SEP Indl (5p) 22¼ ½ (8/7)
Southern Newspapers (£1) 220 5 (9/7)
Taddale Invs (10p) 6½ 7½ (8/7)
Thwaites (Daniel) (£1) 600 3 (9/7)
UTC Trading Corp (5p) 24 (8/7)
Utd Trust & Credit (£1) 400 2 5
Weetabix A (Non-Vtg) 180 1½
Wistech (1p) 14½ 5 6 (8/7)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Expln (Ir25p) 7½ (4/7)

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FINANCIAL TIMES STOCK INDICES

	July 11	July 10	July 9	July 8	July 7	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	89.91	90.41	90.66	90.80	91.56	82.89	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.87	97.12	97.16	97.16	97.68	87.58	97.68 (7/7)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1337.3	1340.6	1331.5	1317.7	1347.8	926.0	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	198.1	203.6	202.4	197.3	196.6	392.4	357.0 (27/1)	192.3 (12/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.14	4.13	4.15	4.18		5.01				
Earnings Yld.%(full)	9.93	9.90	9.95	10.03	9.80	12.48				
P/E Ratio (net) (*)	12.27	12.30	12.24	12.14	12.43	9.97				
Total Bargains (Est)	30,448	28,527	28,555	32,750	24,958	21,819				
Equity Turnover £m.	—	798.15	621.33	565.14	502.47	329.80				
Equity Bargains	—	26,603	23,552	29,969	29,547	17,453				
Shares Traded (ml).	—	313.3	237.3	248.8	232.4	166.8				

S.E. ACTIVITY

Indices	July 10	July 9
Gilt Edged Bargains	147.6	128.5
Equity Bargains	172.4	152.6
Equity Value	1,613.3	1,235.6
5-Day Average		
Gilt Edged Bargains	136.3	135.9
Equity Bargains	175.4	177.7
Equity Value	1,282.0	1,225.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1339.7	1340.3	1339.0	1338.2	1336.5	1336.3	1336.3	1337.3

Day's High 1340.6. Day's Low 1335.9.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.88.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Abaco Invs.	88xr	+8	Jaguar	548	−12
Babcock Intl.	183	+11	Lopex	133	+18
Belhaven Brew.	64	+2	Lucas Inds.	595	−13
Crowther (J.)	174	+11	Pentland Inds.	£10⅞	−0⅛
Egerton Trust	106	−8	Property Hldg. & Inv.	154	+9
Graycoat	254	−20	Standard Chart.	775	—

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thur. close	Day's change	Stock	No. of changes	Thur. close	Day's change
Abaco Invs.	37	88	+4	Shield Group	25	113	—
Standard Chart.	37	775	−27	Belhaven Brew.	23	62	+3
Thorn EMI	30	487	+20	Pentland Inds.	22	£10⅞	+0⅞
Raine Inds.	28	82	+4	Barrie Inv.	19	16	+1
Wiggins Group	28	103	+18	Birmid Qualcast	19	160	+3
Brit. Telecom	27	208	+4	Lloyds Bank	19	412	+15

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Thur. close	Change on week	Stock	No. of changes	Thur. close	Change on week
Standard Chart.	135	775	−23	*Jaguar*	92	560	−18
ICI	120	979	−33½	Brit. Aero.	88	493	−15
Morgan Grenfell	120	480	−5	Abaco Invs	87	88	+1
Brit. Telecom	119	208	−10	Belhaven Brew.	87	62	+7
Britoil	99	150	−5	Pearson	85	555	−45
Cable & Wire.	95	693	−16	Beecham	84	436	−14

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	18	85	9	61	419	80
Corporations, Dom. and Foreign Bonds	2	25	44	57	121	177
Industrials	285	279	932	1,355	2,027	4,126
Financial and Props.	144	95	338	551	665	1,673
Oils	28	25	64	84	144	362
Plantations	1	2	12	2	18	67
Mines	39	73	74	238	206	406
Others	98	65	88	311	360	372
Totals	615	650	1,561	2,659	3,958	7,533

LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday, July 10 1986

Motors	+49.84	Office Equipment	+20.20
Metals and Metal Forming	+48.18	Property	+19.84
Textiles	+44.06	Industrial Group	+19.85
Publishing and Printing	+38.62	Financial Group	+18.52
Contracting, Construction	+37.26	Food Manufacturing	+18.34
Packaging and Paper	+31.65	All-Share Index	+17.97
Building Materials	+30.44	500 Share Index	+17.94
Other Industrial Materials	+29.34	Electronics	+17.89
Tobaccos	+28.48	Investment Trusts	+17.06
Capital Goods	+28.10	Stores	+15.61
Health and H'sehold Products	+27.88	Overseas Traders	+14.72
Merchant Banks	+27.06	Insurance (Life)	+14.36
Mechanical Engineering	+25.28	Mining Finance	+11.12
Electricals	+23.56	Shipping and Transport	+9.61
Insurance (Composite)	+22.84	Other Groups	+9.52
Chemicals	+22.72	Food Retailing	+4.55
Leisure	+22.51	Oils and Gas	+3.85
Banks	+22.15	Insurance Brokers	−0.39
Consumer Group	+20.93	Telephone Networks	−5.56
Brewers and Distillers	+20.38	Gold Mines Index	−18.49

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (76)

CORPORATION LOANS (1) LCC 5½pc 1985-87. AMERICANS (1) Gillette. CANADIANS (1) Inland Nat. Gas. BANKS (3) Algemene, Chancery Secs., Goode Durrant and Murray. BREWERS (1) *Fuller, Smith and Turner.* BUILDINGS (9) Amcliffe, Berkeley Group, Douglas (R. M.), Monk (A.), ... Priest Marians, Prop. Hldgs and Inv., Property and Rev., Property Sec. Inv., Trencherwood, Utd. Real Prop, York Mount. TEXTILES (5) Atkins Bros, Burmatex, Crowther (J.), Pantherella, Sunbeam Wolsey. TRUSTS (9) Equity Consort Dfd. *Inv in Success, M and G* 2nd. Dual Inc., Do. 2nd Cap, Robeco (Br.), Do. Sub., Stewart Ent. Inv., Throgmorton Sec. Growth, Ferguson (J.). MINES (1) Blyvoor. BRITISH FUNDS (3) Treas. 3pc 1991, Conv. 10pc 1996, Conv. 9pc 2006. LOANS (1) Nationwide Building Soc ... Thames Mining, Musto Explorations.

NEW LOWS (30)

Public Works Loan Board rates

Effective July 10

Years	Quota loans repaid by EIP† %	A‡ %	at maturity§ %	Non-quota loans A* repaid by EIP† %	A‡ %	at maturity§ %
1	—	—	9¾	—	—	10½
Over 1 up to 2	9⅝	9⅝	9½	10⅛	10⅛	10
Over 2 up to 3	9⅝	9½	9½	10⅛	10⅛	10
Over 3 up to 4	9½	9¼	9⅜	10¼	10¼	9⅞
Over 4 up to 5	9½	9½	9⅜	10¼	10¼	9⅞
Over 5 up to 6	9½	9½	9⅜	9⅞	9⅞	9⅞
Over 6 up to 7	9½	9½	9½	9⅞	9⅞	9⅞
Over 7 up to 8	9½	9½	9⅝	9⅞	9⅞	9⅞
Over 8 up to 9	9½	9½	9⅝	9⅞	9⅞	9⅞
Over 9 up to 10	9½	9½	9⅝	9⅞	9⅞	9⅞
Over 10 up to 15	9½	9⅝	9⅝	9⅞	9⅞	9⅞
Over 15 up to 25	9⅝	9⅝	9⅝	9⅞	9⅞	9⅞
Over 25	9⅝	9⅝	9⅝	9⅞	9⅞	9⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP — Telephone 01-621 1212

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	131	—	7.3	5.6	8.0	7.5
151	121	Ass. Brit. Ind. CULS	131xd	—	10.0	7.6	—	—
125	43	Airsprung Group	120	—	7.6	6.3	7.5	6.7
46	28	Armitage and Rhodes	34	+1	4.3	12.6	4.2	6.1
180	108	Bardon Hill	178xd	—	4.8	2.6	20.2	18.6
78	42	Bray Technologies	78	—	4.3	5.5	9.3	8.5
201	75	CCL Ordinary	75	—	2.9	3.9	5.3	8.3
152	86	CCL 11pc Conv. Pf.	86xd	—	15.7	18.3	—	—
208	80	Carborundum Ord.	208	+2	9.1	4.4	10.0	10.3
94	83	Carborundum 7.5pc Pf.	90xd	—	10.7	11.9	—	—
65	48	Deborah Services	59	+2	7.0	11.9	6.1	9.1
32	20	Frederick Parker Group	23	—	—	—	—	—
119	50	George Blair	119	+2	—	—	4.9	8.8
68	20	Ind. Precision Castings	67	—	3.0	4.5	17.7	14.8
218	156	Isis Group	165	+2	15.0	9.1	12.7	19.0
120	101	Jackson Group	120xd	—	6.1	5.1	8.2	7.3
349	228	James Burrough	349xd	—	17.0	4.9	9.8	8.9
100	85	James Burrough 9pcPf.	99	—	12.9	13.0	—	—
35	58	John Howard and Co.	57xd	—	5.0	8.8	—	—
1420	570	Minihouse Holding NV	1300	+5	8.7	0.7	43.0	50.9
380	280	Record Ridgway Ord.	380	—	—	—	6.8	11.7
100	89	Record Ridgway 10pcPf	89xd	—	14.1	15.8	—	—
82	32	Robert Jenkins	73	—	—	—	9.5	20.9
34	28	Scruttons "A"	33	+1	—	—	—	8.5
90	66	Torday and Carlisle	90xd	—	5.7	6.3	5.5	5.5
370	320	*Trevian Holdings*	320	—	7.9	2.5	6.7	8.8
63	25	Unilock Holdings	63	—	2.1	3.3	17.1	16.8
175	93	Walter Alexander	174	—	8.6	4.9	8.8	12.0
226	190	W. S. Yeates	190	—	17.4	9.2	19.0	21.1

s—Suspended

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	162	136	§Accord Publications 5p	162	+15	bd3.1	2.6	2.7	20.5
[illegible]	F.P.	15/8	127	114½	§Airsprung Group 10p	120xd	......	5.4	2.8	6.3	7.9
150	F.P.	30/6	152	138	Alumasc Group	152	+4	R5.85	2.5	5.4	10.5
115	F.P.	11/7	190	155	Arlington Sec. 10p	178	–2	b1.7	4.3	1.3	24.4
§67	F.P.	—	71	68	§BBB Design Grp 5p	71	+3	L1.0	4.2	2.0	17.0
150	F.P.	20/6	161	148	Barker (Charles) 5p	150	–2	u3.0	3.1	2.8	16.3
§145	F.P.	15/6	158	145	§Bampco 5p	150	+5	u5.0	2.4	4.7	11.9
[illegible]	F.P.	—	53	43	Bertrams Inv. Tst.	43	......	—	—	—	—
§37½	F.P.	25/7	43½	38	§[illegible] 5p	41	–1½	R1.225	3.1	4.2	10.3
147	F.P.	4/7	147	130	[illegible] 5p	143	–2	R3.4	3.1	3.3	13.6
125	F.P.	8/8	147	128	§Borland Intl. Inc	146	–1	u02c	1.4	0.9	20.4
145	F.P.	25/7	175	148	Bredero Props	150	......	R4.25	2.3	4.0	12.7
§60	F.P.	20/6	61½	56	§Brit. Isl. Airways 10p	58	......	bd2.82	2.1	6.8	8.1
§63	F.P.	—	66	61½	§Camtech 10p	66	......	R2.0	2.4	4.3	23.5
§110	F.P.	18/7	135	95	§Cell & Armstrong 5p	95	+3	u3.91	1.9	5.8	12.1
§125	F.P.	7/8	135	130	§Chelsea Man 5p	130	–2	L2.2	2.8	2.4	21.4
[illegible]	F.P.	18/7	110	85	Clarkson (Horace)	110	+5	L4.75	1.5	6.1	15.1
§84	F.P.	1/8	91	84	§Coated Electrodes 5p	84	......	u3.9	1.6	6.5	13.1
§50	F.P.	11/6	68	50	§Dean & Bowes 5p	68	+3	L2.5	1.5	5.2	18.3
§58	F.P.	4/7	68	59	Dunkstron Intl 5p	68	+3	u1.65	2.1	3.4	17.4
140	F.P.	4/7	138	120	§Fields (Mrs) Inc $0.05	125	......	RQ4.5c	2.6	2.5	15.8
§85	F.P.	6/8	92	82	§Ford & Weston 5p	87		R3.02	2.6	4.9	11.2
150	F.P.	25/7	155	150	Guthrie Corp	154	+2	u5.3	2.2	4.8	9.9
140	F.P.	20/6	150	140	Haggas (John) 10p	140	......	u3.0	3.2	3.0	14.5
§85	F.P.	24/7	118	90	§Hodgson Hldgs 5p	110	......	R2.13	2.3	2.7	20.0
R30	Nil	—	325	225	Joel (H.J.) Lkd Units	240	......	—	—	—	—
145	F.P.	16/7	193	119	Lopex 5p	193	+18	R4.0	2.3	4.3	14.1
157	F.P.	26/6	158	145	§Monotype Corpn 10p	155	–1	R4.4	1.6	4.0	15.4
§500	F.P.	—	516	455	Morgan Grenfell £1	475	–5	18.5	—	2.5	—
§100	F.P.	27/6	121	103	§Savage Group 20p	117	–3	R3.0	2.5	3.6	15.5
§72	F.P.	—	114	99	§Shield Group 5p	112	–1	L2.0	3.1	2.5	16.3
	F.P.	1/8	184	171	§Smallbone 10p	174	–1	u5.0	2.1	4.0	16.3
—	F.P.	—	55	43	Smith Newcourt War'ts.	53	......	—	—	—	—
§40	F.P.	30/7	42	35	§Soundtracs 5p	42	+2	61.2	2.8	4.0	12.5
§98	F.P.	6/8	106	98	§Space Planning 10p	100	+2	R1.8	3.4	2.5	16.3
§95	F.P.	25/7	114	104	§Task Force 5p	114	......	R1.78	3.8	2.2	16.9
112	F.P.	8/8	130	116	Tesby 50p	130	+5	u4.0	2.6	4.3	10.1
190	F.P.	1/8	242	219	Thames TV	227	+3	49.5	1.9	5.9	12.7
120	F.P.	—	125	100	Tibbet & Britten 5p	125	......	R3.5	2.6	4.0	13.6
£12.70	Nil	—	260	210	Wight Collins RS ##	235	+5	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or –
[illegible]	F.P.	5/8	111	104	Assari 8% Cum. Conv. Red. Pref.	106	......
§97.947	£25	17/9	27¾	25¼	Bankers Inv. Tst. 10½% Deb. 2016	26½	–¼
§99.50	£10	28/8	9¼	8	Bristol Water 9.8% Red Deb '96	8½	......
§99.256	£30	29/8	30¼	27¼	Brit. Alcan Aluminium 10½% Deb. 2011	28¼	......
§96.205	£25	31/10	25¾	23¾	Brixton Est. 9.5% 1st Mort Deb 2026	25¾	......
§100p	F.P.	—	107p	105p	Business Mortgages Tst. 8.6% Cum Prf.	107p	......
109.29	£40	29/8	40	37¼	Estates & Gen. 11¼% 1st Deb. 2018	38½	......
§94.45	£30	31/10	32¼	29¾	European Inv. Bank 9% Ln 2001	30¼	–¾
[illegible]	Nil	—	5pm	3pm	§Fergebrook 12% Cnv Uns Ln 1992-97	3pm	–2
[illegible]	F.P.	4/8	107½	104	Friendly Hotels 5% Conv. Cum Red. Pref.	106	+2
96.114	£25	24/10	27¾	26¼	Globe Inv. 10% Deb. 2016	26¼	–⅛
§99.054	£40	12/9	41¾	39¾	Govett Strat. Inv. Tst 10¼% Deb. 2016	40⅝	–⅛
97.963	£25	24/10	25¾	19¾	Gt. Portland 9½% 1st. Mort. Deb. 2016	21¼	......
105.523	£25	21/8	26	20¾	Land Securities 10% 1st. Mort. Deb 25	20¾	–⅛
[illegible]	Nil	—	1¼pm	¼pm	Leigh Int. 6% Cnv. Cum. Red. Prf.	1pm	+½
§99.951	F.P.	14/7	102	96	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	96½	–¼
§99.795	£25	24/9	24⅝	21½	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	22⅝	......
¶¶	F.P.	—	101	96	Mercury Intl. 7⅞% Cum Pref.	96	–1
[illegible]	F.P.	—	136p	136p	Morgan Grenfell 11¼% Cum Prf.	136p	......
—	F.P.	—	100⅛	99⅝	Nationwide 9⅞% 15/6/87	99⅝	–⅛
—	F.P.	—	100	99	Do 9⅞% 6/7/87	99⅞	–⅛
§99.957	£25	—	25⅛	25⅛	Do 3⅝% IL Ln. 2021	25⅛	......
§97.50	F.P.	11/7	97¾	96½	Paribas Concorde Tst 9.364% Deb. 1991	96½	......
§87.179	£30	26/9	31	28¾	Portugal 9% Ln. 2016	29¼	–⅜
§99.898	£40	1/8	44	38¾	Queens Moat 10¼% 1st. Mort. Deb. 2020	40⅛	–¼
95.512	F.P.	8/8	98½	95¾	Scot. Mort. 6%—12% Ste'dint. Deb. 2026	97	–¼
§105	£50	10/10	46	44½	Smith New Court 12pc Uns. Ln. 2001‡‡	44	......
§99.480	£25	18/7	31⅞	24⅞	S.E. 10⅛% Mort. Deb. 2016	25	–½
§99.50	£10	28/8	9¼	8	Sund. & S. Shields Wtr 9.8% Rd Db '96	8	......
§48.835	F.P.	15/8	49⅞	47⅞	Tesco 4% Uns Deep Dis Ln 2006	48¼	–⅛
¶¶	F.P.	—	126p	112p	Tomkins (F.H.) 5.5% Cum. Cnv. Red. Prf	124p	......
99.073	£25	8/8	25¼	22⅞	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	23¾	–¼
¶¶	F.P.	—	107p	104p	Williams Hldgs. 5¼% Cum. Conv. Red. Pref.	107p	......
100	£50	12/9	50¾	46¼	Witan Inv. 8½% Deb 2016	48¼	–¼

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –
49	Nil	—	36pm	32pm	Abaco Invs. 5p	36pm	......
40	Nil	4/8	11pm	3pm	Anglo African Fin. 7½p	3pm	......
470	Nil	4/8	200pm	100pm	Antofagasta Hldgs. £1	100pm	......
55	Nil	—	½pm	¼pm	Bertrams Inv. Tst.	¼pm	......
230	Nil	12/9	30pm	25pm	Bosse Massimi Pollitt 12½p	25pm	......
465	Nil	29/8	100pm	80pm	Costain Group	80pm	+6
880	F.P.	1/8	£10⅝	£10¼	De la Rue	£10½	+¼
130	Nil	14/8	16pm	8pm	Erskine House	16pm	+7
47	F.P.	15/8	68	55½	Five Oaks Invs.	68	+½
148	Nil	20/8	34pm	24pm	Hattock Johnson	24pm	......
215	Nil	15/8	63	40	Intl. Signal & Control 10c	47	–1
50	F.P.	8/8	64	60	§Pineapple Dance Studios 10p	60	......
614	Nil	12/9	500pm	500pm	Priest Marians £1	500pm	......
285	F.P.	6/8	336	328	Scottish TV 10p	335	+5
25	Nil	11/8	4pm	½pm	Sovereign Oil & Gas	½pm	......
38	Nil	—	2½pm	½pm	§Yelverton Invs. 5p	2½pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ¶¶ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮▮ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ## Units comprising new ord. & Cnv. Cum. Red. Pref. shares.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$360	16	3.20	4	8.60	—	—	$348.40
GOLD P	$300	4	0.20	—	—	—	—	"
GOLD P	$320	4	0.80	—	—	—	—	"
GOLD P	$330	1	1.50	—	—	—	—	"
GOLD P	$340	20	3.20A	—	—	—	—	"
		Sept.		Dec.		March		
$/FL C	FL235	205	12.50	—	—	—	—	FL245.55
$/FL C	FL240	—	—	3	11.70	—	—	"
$/FL C	FL245	101	5.80	10	9.30	—	—	"
$/FL C	FL250	9	3.60	—	—	—	—	"
$/FL C	FL255	536	2.50	2	5	—	—	"
$/FL C	FL260	857	1.70	—	—	—	—	"
$/FL C	FL265	5	1	—	—	—	—	"
$/FL C	FL270	875	0.60	—	—	—	—	"
$/FL P	FL235	11	2	—	—	1	7.80	"
$/FL P	FL240	111	3.60	90	7.20	—	—	"
$/FL P	FL245	2	6	—	—	—	—	"
$/FL P	FL250	6	8.80A	—	—	—	—	"
$/FL P	FL255	9	12.20	—	—	—	—	"
$/FL P	FL260	10	15.70B	—	—	—	—	"
$/DM C	Dm.220	10	4.30	—	—	—	—	Dm.217.90
		July		Oct.		Jan.		
ABN C	FL620	476	2.50	383	19	34	298	FL610.50
ABN P	FL580	21	0.40	137	7.50	58	12.80	"
AEGN C	FL110	219	1	43	5.90	18	7.70	FL108
AEGN P	FL110	24	3	62	6.20	—	—	"
AH C	FL95	45	1.20	422	5.40	19	7.20	FL94.10
AH P	FL95	50	1.50	207	5.20	—	—	"
AKZO C	FL170	448	0.80	189	8.90	38	12.50	FL167.50
AKZO P	FL170	138	3.50	120	7	12	8.60	"
AMEV C	FL80	192	1.30	95	5.30	28	7	FL81
AMEV P	FL80	20	0.60	65	3.20	—	—	"
AMRO C	FL110	996	2.40	206	7.10B	64	10	FL110.90
AMRO P	FL110	173	0.90	124	4.50	5	6	"
GIST C	FL60	125	0.20	14	2.30	44	3.80	FL57.40
GIST P	FL52	—	—	61	0.40	—	—	"
HEIN C	FL180	10	0.50	25	7A	3	12	FL176
HEIN P	FL170	33	0.10	3	3.70	5	6	"
HEO C	FL165	15	11.50	22	14.50	—	—	"
HEO P	FL157.50	—	—	24	1.80	—	—	"
HOOG C	FL120	142	0.10	304	5.40	25	9	FL113.30
HOOG P	FL110	167	0.80	209	4.20	233	5.20	"
KLM C	FL55	—	—	166	1.30	43	2.60	FL46.90
KLM P	FL50	189	3.50A	107	5.90	30	6.50B	"
NEDL C	FL180	20	0.40	10	5.70	—	—	FL169.70
NEDL P	FL150	170	0.10	—	—	—	—	"
NATN C	FL80	184	5.10	10	8.50B	10	11	FL85
NATN P	FL90	66	4.50	10	6.10	—	—	"
PHIL C	FL55	350	0.20	1042	2.70	673	4	FL51.30
PHIL P	FL50	983	0.50	776	2	193	2.80	"
RD C	FL200	194	0.20	439	5	221	9.10	FL192.20
RD P	FL190	150	0.60	925	5.70	83	7	"
ROBE C	FL100	—	—	—	—	23	2.80	FL93.10
UNIL C	FL500	296	7.50	208	27	7	37.50	FL503
UNIL P	FL500	3	3	141	14	17	17.50	"

TOTAL VOLUME IN CONTRACTS: 38,323

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 9, 1986	Increase (+) or decrease (–) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	84,784,214	+ 3,799,292
Bankers Deposits	813,746,431	– 31,124,862
Reserve and other Accounts	1,381,625,768	– 84,919,572
	2,294,709,413	– 112,245,202
ASSETS		
Government Securities	502,566,311	+ 26,585,000
Advance & other Accounts	704,474,887	– 400,606,099
Premises Equipment & other Secs	1,079,612,169	+ 260,529,855
Notes	7,766,840	+ 1,212,206
Coin	289,206	+ 33,776
	2,294,709,413	– 112,245,282

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in Circulation	12,532,233,160	+ 58,787,794
Notes in Banking Department	7,766,840	+ 1,212,206
	12,540,000,000	+ 60,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	3,407,885,653	– 1,041,812,517
Other Securities	9,121,099,247	+ 1,101,812,517
	12,540,000,000	+ 60,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

American Tst	64.9	69.0	+0.5	1.6
Far East & Gn. Tst	96.2	102.6	+2.0	1.0
Intl. Growth Tst	67.5	71.9	+0.6	0.8
Income Tst	84.5	90.9	+0.4	5.6
Japan Growth Tst	115.5	124.2	+2.0	0.2
Small Cos. Tst	114.0	122.6	-0.2	2.0
Technlgy Tst	32.8	35.2	+0.3	0.2
Australia Trust	37.1	39.8	+0.4	1.9
UK Trust	130.5	138.0	+0.6	2.7
European Growth Tst	49.1	52.3	+0.4	1.2
Hong Kong Tst	20.4	21.7	+0.2	1.6

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	15.0	16.0	+0.5	0.15
Pacific Basin	13.3	14.2	+0.5	0.2
Canadian Balncd Grwth	59.3	61.4	+1.0	0.98
Glenie Man	100.5	104.7	+0.5	7.7

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	57.5	59.1	+0.3	1.00
British Growth (z)	66.9	68.8	+0.3	1.50
British Income (z)	65.5	67.4	+0.2	4.50
British Extra Yield(z)	51.0	52.4	.....	6.50

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.4	68.5	.....	0.00
U.S. Govmnt Bond F	50.505	0.508	+0.001	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Cowdl & Equity Tst	48.8	52.0	+0.2	7.63
Growth Trust	51.7	55.6	.....	2.25
Income Trust	53.9	57.4	+0.2	5.11

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	68.8	72.3	.....	2.86

Weekly dealing day Tuesday

The Yorkshire General Trust

INSURANCES

Cannon Assurance Ltd—Continued

Index	112.3	118.8	-0.7	—
Far East	169.9	179.8	+0.8	—
Global	94.1	99.6	+0.4	—
European	97.0	102.6	+0.5	—
Japan	105.2	111.3	+1.6	—
2nd Series Pension Accumulation				
Equity	494.9	523.7	+4.0	—
High Income	324.6	343.5	+2.8	—
Property	277.6	293.8	.....	—
Managed	337.9	357.6	+1.7	—
Deposit	249.7	264.2	.....	—
Gilt	256.5	271.4	.....	—
American	382.6	404.9	+2.1	—
International Money	261.0	276.2	+2.4	—
Index	122.8	129.9	-0.7	—
Far East	183.8	194.5	+0.7	—
Global	94.1	99.6	+0.4	—
European	97.6	103.3	+0.7	—
Japan	108.0	114.3	+2.0	—
Other Funds				
Equity Units		67.20	+0.50	—
Property Units		21.09	.....	—
Equity Bond/Exec	41.97	44.41	+0.31	—
Property Bond/Exec	28.44	30.10	.....	—
Balanced Bond/Exec	33.41	35.35	+0.14	—
L&E SIF 1	109.5	116.0	+1.0	—
L&E SIF 2	71.5	76.0	+0.5	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	103.0	109.0	.....	—
Risk & Reward Bond	115.0	122.0	.....	—
Murray Johnstone Fd	117.0	124.0	.....	—
Money Market Fd	100.0	106.0	.....	—
Ivory & Sime Pens Fd	99.0	105.0	.....	—
Risk & Reward Pens Fd	97.0	103.0	.....	—
Murray J'stone Pens Fd	115.0	121.0	.....	—
Money Market Pens Fd	100.0	106.0	.....	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

Current Series				
Property Fund	113.9	119.9	.....	—
Money Fund	219.2	230.8	+0.1	—
Managed Fund	403.9	425.2	+1.2	—
Equity Fund	255.7	269.2	+2.2	—
Fixed Interest Fund	148.9	156.8	-0.6	—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $17.92 | +0.01 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $16.29 | −0.05 | —
Inv. Adv: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $17.82 | +0.04 | —
Dynamic Gwth Fd ... $19.39 | −0.01 | —

Zero Bond Fund Limited
PO Box 208, St. Peter Port, Guernsey 0481 26268
Zero Bond Fund ... $11.80 12.49 | ... | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.75		—	3-Mth
The Money Market Trust 63 On Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.01	7.48	+10.90	6mth
7-day Fund	9.81	7.34	10.68	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	9.65	7.21	10.54	6-Mth
7-day Fund	9.83	7.35	10.52	6-Mth
Dollar	5.50	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	9.25	6.80	9.82	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.78	9.58	Qtr
Mth. Int. Chq.	9.25	6.91	10.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	10.5	7.85	11.46	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.45	7.06	10.28	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.50	7.10	10.3330	Qtr
Benchmark Trust Ltd 9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.00	7.47	10.88	Mth
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	9.50	7.10	10.3830	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	9.625	7.19	10.47	Mth
U.S. Dollar	5.87	4.39	6.31	Mth
German Marks	4.0	2.99	4.27	Mth
Swiss francs	1.50	1.12	1.59	Mth
Japanese Yen	4.50	3.36	4.83	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	25,000+	7.50	10.93	Mth
For other rates please 'phone our Rateline 01-846 9768				
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.69	5.00	7.18	Qtr
£2,500 +	9.38	7.00	10.12	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	9.50	7.10	10.50	Qtr
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	9.45	7.06	10.28	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.37	7.75	11.11	6-mth
Lloyds Bank PLC 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	9.00	7.20	10.42	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	9.50	7.10	10.00	—
M & G/Kleinwort Benson M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	9.31	6.96	10.12	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	9.05	6.75	9.51	Qtr
£10,000 +	9.36	7.00	9.86	Qtr
NatWest Special Reserve Account 41 Lothbury, London, EC2P 2BP 01-256 9233				
£2,000 to £9,999	9.25	6.875	9.94	Qtr
£10,000 and above	9.375	7.00	10.12	Qtr
Oppenheimer Money Mgmnt Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct	9.50	7.10	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	9.75	7.29	10.55	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	10.25	7.66	11.17	Mth
Royal Bank of Scotland plc 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	9.50	7.10	10.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	9.25	6.90	10.06	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	9.65	7.21	10.44	Qtr
Money Acc	9.53	7.12	10.30	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	9.00	4.73	9.77	Mth
Over £10,000	9.25	6.91	10.04	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	10.18	7.60	11.08	Qtr
Wimbledon & South West Finance Co Ltd 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.00	8.22	...	Qtr.

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brist. Oil & Min	2½
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	5
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	48
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

MINES—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		O.F.S.					
230	105	Beatrix Mines R1	118	−2	†Q15c	1.2	3.3
905	462	F.S. Cons. Gold 50c	464	−5	Z0160c	—	12.1
248	95	Free State Dev. 10c	135	.....	Q15c	1.1	3.3
962	474	Harmony 50c	485	−5	Q265c	♦	14.3
410	178	Loraine R1	195	−6	Q75c	3.1	10.0
987	617	St. Helena R1	637	−17	Q450c	1.9	19.0
569	313	Unisel	369	−14	†Q150c	1.1	10.6
523	294	Welkom Gold Hldgs 50c	307	−6	Q234c	1.0	19.9
		Diamond and Platinum					
£55	£32	Anglo Am. Inv. 50c	£42	−3	Q810c	1.0	5.0
527	312	De Beers Df. 5c	427	−8	Q55c	5.1	3.4
490	275	Do. 40pc Pf. R5	380xd	−25	Q208c	x	17.4
710	510	Impala Plat. 20c	540	−25	Q135c	1.9	6.5
652	410	Lydenburg 12½c	440	−5	†Q72c	1.0	4.4
790	500	Rus. Plat. 10c	575	−15	†Q90c	1.4	4.1
		Central African					
210	155	Falcon Z50c	200	.....	Q60c	♦	12.5
17	10	Wankie Col. Z$1	16	.....	vQ5c	13.6	13.0
16	10	Zam.Cpr.SBD0.24	10	.....	—	—	—
		Finance					
91	65	Afex Corp SA $1.50	75	.....	Q7.5c	4.4	2.6
£13	500	Ang. Am. Coal 50c	525	−25	Q240c	3.5	11.9
£10¼	630	Anglo Amer. 10c	680xd	−20	Q180c	2.0	6.9
£57½	£34½	Ang. Am. Gold R1	£35	−¼	Q1450c	1.1	10.8
£40	£23½	Anglovaal 50c	£24xd	−½	Q450c	♦	4.9
23	11	Clogau Gold 10p	20½	−1½	—	—	—
123	70	Cons Afex Corp	70	.....	N05½c	—	2.1
537	419	Cons. Gold Fields	440	−5	24.5	1.4	7.8
66	34	East Rand Con. 5p	36	.....	1.0	2.1	3.9
820	450	Gencor R1	475	.....	†Q170c	1.1	9.3
£10	590	Gencor 40c	700xd	−25	Q195c	2.2	7.3
33	18	Gold & Base 12½p	21	.....	—	—	—
975	600	Gold Fields S.A. 5c	609xd	+4	†Q120c	2.0	5.1
£81	£46	Jo'burg Cons. R2	£53	−½	Q875c	2.2	4.3
900	530	Middle Wit 25c	625xd	.....	Q155c	♦	6.5

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
300	130	Cons. Murch. 10c	145	.....	Q100c	♦	14.4
34	28	Ennex Int. Ir10p	32	−1	—	—	—
102	70	Greenwich Res.	92	.....	—	—	—
157	93	Hampton Areas 10p	146	.....	♦1.0	—	1.0
250	165	Highwood Res.	228	+8	—	—	—
£19⅝	£13¾	Homestake Mining $1	£14⅝	+⅛	Q20c	—	0.9
310	175	McFinley Red Lake	190	−5	—	—	—
285	190	Musto Explorations	190	−10	—	—	—
51	33	New Sabina Res C$1	37	.....	—	—	—
260	200	Northgate C$1	207	+7	—	—	—
790	513	RTZ	590	−9	22.0	2.8	5.3
£164	£115	Do. 9½pcLn '95-2000	£133½	−½	Q9½%	15.5	(7.1
950	800	Tara Expln $1	875	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	60xc	.....
Craig & Rose £1	£11xd	.....
Finlay Pkg. 5p	43	.....
Holt (Jos) 25p	820	.....
IoM Stm. £1	85	−2
IRISH		
Fund 11¼% 1988	£102⅞	−⅛
Nat. 9¾% 84/89	£101	−⅛
Fin. 13% 97/02	£128½	−½
Arnotts	325	.....
CPI Hldgs.	43	.....
Carrol Inds.	160xd	.....
Dublin Gas	53	.....
Hall (R. & H.)	74	.....
Helton Hldgs.	31	−1
Irish Ropes	189xd	.....
Unidare	205	.....

"Recent Issues" and "Rights" Page 13

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

FINANCIAL TIMES
Saturday July 12 1986

Machel encourages Howe mission

BY MICHAEL HOLMAN IN MAPUTO

THE FIRST encouraging note on the South African peace initiative of Sir Geoffrey Howe, the Foreign Secretary, was struck yesterday by President Samora Machel of Mozambique.

After an inauspicious start to the European Community's effort to initiate dialogue in South Africa, marked by rejection from most black leaders within the republic and a critical reception in Zambia and Zimbabwe, Sir Geoffrey's mission received a cautious boost from President Machel.

Mozambican officials in Maputo privately raised the possibility that their leader might help as a mediator in southern Africa and indirectly assist efforts to encourage dialogue in South Africa.

Th suggestion means Sir Geoffrey is not returning entirely empty-handed from the first of what will be perhaps three or more visits to southern Africa. *However, the prospect* that he will achieve his target of initiating political dialogue in South Africa remains remote.

This pessimism was strengthened when Mr Joaquim Chissano, the Mozambican Foreign Minister, after Sir Geoffrey's visit, said it was most unlikely the EEC could realise *its hope of opening a dialogue.*

At the same time Mrs Winnie Mandela, wife of Mr Nelson Mandela, the jailed black nationalist leader, said her husband would refuse to meet Sir Geoffrey on his forthcoming visit to South Africa.

The 90-minute session with President Machal was described in glowing terms by British officials. However, they would not discuss details of the final meeting in Sir Geoffrey's three-nation southern African tour. One said the session had been *extremely encouraging and* that the Foreign Secretary had received a very sympathetic response.

The good news for Sir Geoffrey came after President Machel accorded him a warm and unorthodox welcome in the marble-floored presidential palace in Maputo.

The reception was in stark contrast to the critical reception Sir Geoffrey received this week from President Kenneth Kaunda of Zambia, and Mr Robert Mugabe, the Zimbabwean Prime Minister. Mr Mugabe described the EEC attempt to start political dialogue in South Africa as futile.

Officials say President Mochels' possible role is that of an intermediary who has a unique relationship with all parties to the dispute.

President Mochel is a senior member of the group of six black-ruled, self-styled front-line states. He has unusual *links with Pretoria as a result* of the non-aggression pact signed with South Africa in *March 1984. He has close ties* with black South African leaders, including those in the *African National Council, and* he enjoys cordial relations with Britain.

Mr Machel might urge the ANC and other anti-apartheid leaders to reconsider their refusal to meet Sir Geoffrey and is likely to put his moderate views to a meeting of front-line leaders in Harare on July 18, *Mozambican officials said.*

Peter Riddell in London writes: Senior ministers said yesterday that the Government had won the public debate in distinguishing between its opposition to full economic sanctions and possible support for some form of limited further measures. This claim was seen by some MPs as providing the Prime Minister with room for manoeuvre after the end of Sir Geoffrey's mission.

None the less there is a clear public contrast between Mrs Thatcher's repeated public opposition to sanctions and a view of a growing number of senior Tories, including some *ministers as well as Mr Leon* Brittan, the former Trade and Industry Secretary. They say *Britain must make clear its* readiness to take stronger measures if Sir Geoffrey's mission fails.

The impact on the UK economy of imposing financial and trade sanctions may be a loss of 20,000 jobs in the first 12 months, much fewer than officially estimated, according to *the Fabian Society, the independent* Labour research body.

Its estimate assumes markets would be found elsewhere for half the exports previously sent to South Africa. Job-losses would rise to 26,000 by the end of the second year and then fall. The hardest-hit sector would be electrical and electronics.

South African deaths, Page 2

BT has wide range of options for phone call charges

By Guy de Jonquieres

BRITISH TELECOM faces a confusing range of possibilities *over the prices of inland telephone calls for the coming year.*

The prices are controlled by *the formula* "RPI minus 3" but the latest inflation figures mean that inland tariffs could be held at current levels, reduced slightly overall or that some could be lowered while others are increased.

The formula requires BT to keep the annual change in the average of tariffs for a "basket" of *inland services, which* account for more than half its total turnover, at 3 percentage points below the change in the retail price index.

The 2.5 per cent rise in the RPI during the year to June, the base period used for calculating the tariff formula, means that BT will be legally required to *lower the average of the* basket of prices.

However, the reduction need amount to only about 0.2 per cent, because BT raised prices for the current year by 0.3 per cent less than permitted by the formula and is entitled to early the difference over into the year starting August 1.

Strictly speaking, BT is not obliged to make the reduction until July 31 next year and so could *freeze prices* for almost the entire 12-month period. In practice it is likely to act sooner for both regulatory and commercial reasons.

The Office of Telecommunications indicated yesterday that it would consider *taking legal* action if it judged that BT was delaying the reduction unduly.

BT may also want to adjust its tariffs in response to the challenge from Mercury Communications, the Cable and Wireless subsidiary, which aims to undercut BT prices for long-distance and international calls by as much as 25 per cent.

In order to remain competitive, BT may need to cut its *tariffs for these services further* and increase its charges for uneconomic local calls and residential line rentals. Such juggling is permitted, provided the average change is within the limit fixed by the formula.

BT normally changes its tariffs in November but it indicated recently that it may not *always adhere to this timetable.*

THE LEX COLUMN

Rolls raises the bread

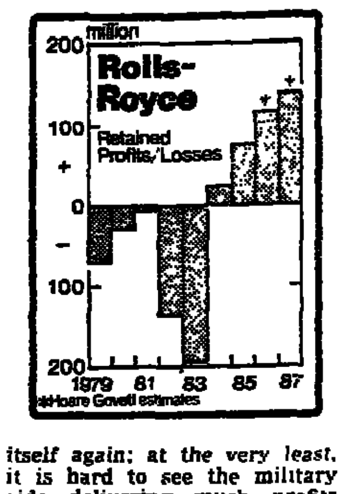
The days when a state company could take off into private ownership merely by jettisoning its inflation accounting are well and truly past. Just as the City has decided that a bull market in doddering maturity leaves little scope for any but the *most clearly devised* takeover scheme, so a sort of pre-election darkness is beginning to close on the remaining candidates for privatisation.

Rolls-Royce was always one of the better of these candidates. If the price of access to the civil aero-engine market was bankruptcy, Rolls-Royce in state hands has at least shown it can make and sell an array of the things, even though it *is smaller than the two US* competitors. And it has gone a long way to soothing the worries of those investors who can remember 1971.

The accounting risk of capitalising research and development expenditure on a single aircraft engine is something Rolls-Royce will never again take on: civil r and d, managed on incomparably less luxurious lines, is charged to profit. Rolls *has learned how to turn its* capital over a bit faster and its balance sheet, which still showed some £210m of net debt in the last (historic-cost) accounts, could be degeared at the offering to a level more suited to what will always be a lumpy business. Hoare Govett, stockbrokers to the company, *believe that Rolls-Royce can* grow its pre-tax profits by 50 per cent this year and a quarter next. Though Rolls-Royce will not be paying much tax for some time, a notional tax charge would net the government next spring about £750m, give or take the cash injection, on a p/e ratio just in double figures.

But when British Airways is squeezing its engine suppliers *in the time-honoured fashion,* all the old fears come rushing back. These fears are not wholly logical; an order worth £300m at best (or double the amount with all those nice spares) is not much against an order book of nearly 10 times that. In contrast to 15 years ago, the engine has been *developed and Rolls-Royce is no* Royal Ordnance, dependent on a single customer. But if Rolls-Royce cannot hold on to the national airline, its collaboration agreements devalue quite rapidly and the old question of Rolls-Royce's survival against such tough customers as GE and Pratt & Whitney poses

Index fell 3.3 to 1337.3



itself again; at the very least, it is hard to see the military side delivering much profits growth on its own.

BA may not be quite behaving like a bride's spiteful sister whose own marriage has gone awry. It may even relish the prospect of playing off three different suppliers of engines and spares. But its tough attitude could do more damage to Rolls-Royce's prospects even *than the contingent liability of* some $2bn in operating leases.

Japan

The inscrutability of the Japanese financial system seems to be standing up well to the long process of liberalisation. All western rules of thumb suggest that the Tokyo equity market should be falling, probably faster than the suddenly faltering Wall Street, but it seems determined to rise. And when the Japanese export lobby is calling for a cut in the discount rate, the monetary authorities are resisting the idea, although a cut seems *urgently needed to match the* US move and avoid a further dollar devaluation against the yen.

The connection between these two oddities has not indeed been lost on the Japanese industry minister, an open ally of exporters who are finding life a great deal less *profitable at Y160 to the dollar* than they were at Y180 a mere three months ago, which was supposed to be a rate which pushed at the boundaries *of* relative efficiency and was giving the Japanese a renewed taste of bracing competition.

If the US is allowed to extend its lead over Japan in progressive interest-rate reduction, the consequences for *profitability may be quite unpleasant.* It is certainly not easy to see the kind of growth in equity earnings that might explain the rising prices on the Tokyo market: prices are going up, but prospective multiples are going up even faster.

In itself this does not make a lot of sense: if earnings expectations *meant a lot to the* Tokyo market, serious disappointment could be in store. *More probably,* the equity market is benefiting *from* the same currency strength that is set to undermine its underlying earnings. If the world's surplus liquidity is always rolling towards the home which seems *likely to yield the highest* return, Japan is a candidate.

Given the present reluctance to drop the discount rate, the Yen remains just about the easiest replacement for the dollar as the fail-safe currency speculation. Perhaps Japanese equities are beginning to inherit the role played by US *Treasuries, and the fact that* the market continues to spiral upwards has reinforced their position as the natural instrument in which to invest the loose currency.

Standard Chartered

The proportion of Standard *Chartered's equity in supposedly* friendly hands has increased so markedly in the last 48 hours that the defending board has probably been congratulating itself on survival overnight, without the formality of waiting for an announcement from Lloyds this afternoon. The additional shares bought by Sir Y. K. Pao, the entry of *Mr Holmes* à Court with 7.4 per cent, and rumoured purchases by other *well-known arbitrageurs, appear* to have taken about a third of Standard off the market: the chances of anybody buying enough shares to lock Lloyds out seemed remote this time last week, but not as remote as a Lloyds victory does now.

The terms of Standard's probable escape seem unattractive. *Its shareholders are unlikely to* see the benefit of premium values for Standard's valuable parts, and the *presence of so* many influential shareholders, to whom the board will be greatly beholden, seems like a management straight-jacket. If the defence has indeed succeeded, it is doubtful that the *prize it has so painfully secured* can be an independent future for Standard.

Enterprise Zones management criticised

By Robin Pauley

THE Environment Department has been strongly criticised for failing to manage spending on Enterprise Zones which are a *key element in the Government's* experiments in urban regeneration.

The cross-party Commons Public Accounts Committee, in a report published yesterday, also attacks the department for not doing more to identify and remedy potentially serious adverse effects on other areas *due to the creation of the* zones.

The committee is particularly critical of the Environment Department's lack of "firm and vigorous action" to prevent existing companies in Enterprise Zone areas from automatically qualifying for all tax and rates benefits at a cost to the Exchequer of about £70m for rates exemption alone over the 10-year life of the experiment.

Eleven Enterprise Zones were established in Britain in 1981 and a further 14 were set up in 1984. Companies in the zones, sited in areas of economic and urban decline, qualify for tax concessions, rates relief and relaxation of central and local government controls, particularly planning regulations.

The department is criticised for not monitoring the progress of the zones properly.

Although concentrated development in the zones had established confidence in the areas and provided other benefits, the committee says it also promoted short-distance relocations and diversion of resources from other areas.

The committee also says it is worried by an Environment Department analysis showing that warehousing, which did not produce many new jobs, accounted for as much as 46 per cent of occupied space

The lack of proper monitoring and full information meant there was considerable uncertainty about the broad assessment of £180m as the cost of Enterprise Zones to March 1985.

Committee of Public Accounts Session 1985-86: Enterprise Zones, House of Commons Paper 293; HMSO, £1.00

Socialists refuse to take part in Andreotti's new government

BY ALAN FRIEDMAN IN ROME

ITALY'S political crisis deepened yesterday when the Socialist Party led by Mr Bettino Craxi who resigned as Prime Minister two weeks ago, refused to participate in a new coalition Government headed by Mr *Giulio Andreotti, the Christian* Democrat Prime Minister designate.

Mr Andreotti's efforts to form a government now seem likely to fail, and this could lead to elections well ahead of 1988, the end of the present parliamentary term. Politicians in Rome yesterday spoke of possible elections in the autumn or spring.

After a meeting yesterday of the Socialist Party executive, Mr Craxi's closest aides said they would say "no" to the Andreotti effort. This was because of "*the arrogance of the Christian* Democrats."

Mr Andreotti was asked on *Thursday night by President* Francesco Cossiga to try to form a Government. Mr Andreotti, 67, who was five times Prime Minister in the 1970s, had planned to begin formal consultations on Monday.

Mr Craxi said yesterday: "The crisis has been pushed into a dead end street. We will do all we can to find a way out, but it will not be easy."

The Socialists, who obtained 11.4 *per cent of the national* vote in the last general elections, against 32.9 per cent for the Christian Democrats, are still insisting that Mr Craxi be allowed to continue in office. Since his resignation, he has remained as a caretaker Prime Minister. While refusing to co-operate with Mr Andreotti, *the Socialists also said they* would like to avoid early elections. They said their opposition was not to Mr Andreotti personally, whom they "hold in esteem," but to any Christian Democrat prime minister.

Mr Claudio Martelli, the Socialist Party's deputy leader, accused the Christian Democrats of an "*attempt to unilaterally* change the equilibrium of the five-party coalition by taking *charge of a government* which has achieved positive results appreciated both in Italy and abroad."

Mr Andreotti said he hoped "the others will have patience." He made restrained comments about "*holding discussions, in* great serenity, on the basis of reciprocal respect." His *proposals to the Socialists are* likely to include an offer of cabinet posts traditionally occupied by the Christian Democrats, such as the Foreign Ministry and Treasury.

The Christian Democrats last night were trying to put a brave face on Mr Andreotti's position, but no one denied the depth *of the crisis.* Mr Arnoldo Forlain, the outgoing Deputy Prime Minister, said the margins for a successful outcome were slim, but added it was necessary to "work intensively to reconstruct the Government."

The Milan bourse yesterday reflected its concern about the crisis with a 2.4 per cent fall *in share prices. Italy's business* leaders stepped up their appeals for an end to the crisis, warning of the economic risks of a prolonged stalemate.

Andreotti profile, Page 2

Greycoat Group in £111m bid

BY CHARLES BATCHELOR

GREYCOAT GROUP, the rapidly expanding property development company, yesterday launched a £111m takeover bid for Property Holding and Investment Trust, another company specialising in central London office development. The trust immediately rejected the offer.

Mr Geoffrey Wilson, Greycoat's chairman, said the company had to grow to be able to finance its £350m development programme itself and keep all the profits within the company. Traditionally, developers have shared development costs with the institutions and taken only a small part of the profits. a

"This is the day of the big battalions," he said. "Property Holding has a similar portfolio to our own in central London but its performance has been rather pedestrian. It is a solid company but it has been more *a holder of investments* than an active developer."

Mr Arthur John, the 72-year-old chairman of the trust, responded: "We take a longer *term view on investments but* to say we are just 'rent collectors' is untrue. The quality of our portfolio is better. We think they are trying to get us on the cheap."

Property Holding won early backing for its rejection of the Greycoat bid when Pearl Assurance, with an 18.8 per cent holding, *and Foreign and Colonial* Investment Trust, with 5.1 per cent, said they would not be accepting the bid.

Property Holding increased its pre-tax profit from £5.77m to £5.87m in the year ended March 1986, after net income from properties rose from £7.13m to £8.18m.

The two companies have held detailed discussions in recent months aimed at agreeing an *amicable merger, but these* broke down over the valuation of Property Holding and the composition of the combined board.

Greycoat is offering 55 of its own shares or 46 shares and £23.50 worth of 12.85 per cent unsecured loan stock for every 100 Property Holding shares.

Greycoat's shares fell by 20p to 254p yesterday, to value the share offer at marginally below and share and loan stock offer marginally above 140p. There is also a cash alternative worth 137.5p a share. The trust's shares rose by 9p to 154p.

Greycoat has grown by a series of acquisitions over the past five years, culminating in the takeover of Churchbury Estates and Law Land for £67m in January 1985.

Greycoat, which already has a 1.26 per cent stake in Property Holding, is being advised by N. M. Rothschild, while *Property Holding is advised by* Kleinwort Benson.

Continued from Page 1

Inflation

The Tax and Price Index, which measures the increase in *pre-tax earnings needed to compensate* a worker for price rises, dropped last month to show an *annual rate of increase of* 0.6 per cent, compared with 0.9 per cent in May.

Lord Young said this meant that when taxes and national insurance charges were taken into account, a pay increase of *only just over ½p in the pound* would be enough to maintain living standards.

Mr Nigel Lawson, the Chancellor of the Exchequer, said earlier in the week that if pay rises generally came down to 2, 3 or 4 per cent, employment would probably increase by between 250,000 and 500,000.

July's RPI is expected to show the effect of further rises in electricity and gas costs, with offsetting falls in the price of potatoes and other fresh vegetables. While the fallout of the Chernobyl nuclear disaster *caused lamb prices to drop in* the last week of June, this decline is expected to have been largely reversed by the time the July index is compiled next week.

The RPI in June stood at 385.8 (January 1974 = 100), while the TPI stood at 192.8 (January 1978 = 100).

Continued from Page 1

Lloyds

In an appeal to the Takeover Panel, Lloyds unsuccessfully sought to have the investors deemed to be acting in concert. Acording to a Lloyds spokesman, the panel was unable to *establish any connection between* them. In the Far East, Sir Y. K. Pao and Tan Sri Khoo *are notorious business rivals* who fought a bitter contest last year for control of Wheelock Marden, the Hong Kong shipping and trading group.

Lloyds will be taking in acceptances from Standard Chartered shareholders at those of its branches which are open today, though all big shareholders would have taken the necessary action by last night. Under the Takeover Code, Lloyds must *announce the* result by 5 pm this afternoon.

The intervention of Standard's suporters *created* a dramatic climax to the UK's largest bank takeover bid, which was first *announced* more than three months ago, and would, if successful, create the biggest banking group in the country with an excess of £70bn in

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Abaco Invs	88½	+	8
Alida	265	+	8
Atlantic Computers	275	+	30
Babcock Intl	183	+	11
Beecham	435	−	9
Bulmer (H. P.)	165	−	10
Crowther (J.)	174	+	11
Ferguson (J.)	115	+	17
First Leisure	403	+	13
Goode Durrant	126	+	6
Harris (P.)	246	+	21
ICI	996	+	17
London Utd Invs	445	+	37
Lopex	133	+	18
Prop Hldg & Inv	154	+	9
Radiant Metal	155	+	30
Reabrook	75	+	10
Smith (W. H.) A	300	+	10
Stewart Enterprise	47	+	12
Tech Component	250	+	40
Tesco	375	+	15
Wiggins Group	110	+	7
FALLS			
Conv 9½pc '05	£101⅞	−	1
Treas 2pc IL '96	£119⅝	−	⅞
CASE	72	−	8
Egerton Trust	106	−	8
Greycoat	254	−	20
Jaguar	548	−	12
Lucas Inds	595	−	13
Saatchi & Saatchi	685	−	23

WORLDWIDE WEATHER

UK today: Warm and mainly dry in northern areas with periods of rain or drizzle elsewhere. Outlook: Wet at times.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Dallas	S	25	77	Madeira	C	21	70	Perth	S	16	61
Algiers	S	28	82	Dublin	R	15	59	Madrid	S	34	93	Prague	F	16	61
Amsdm.	S	17	63	Dbrvnk	S	27	81	Majorca	S	29	84	Rykjvk.	C	13	55
Athens	F	30	86	Edinbgh.	F	14	57	Malaga	S	26	79	Rhodes	S	29	84
Bahrain	S	36	97	Faro	S	24	75	Malta	F	27	81	Rio J'ro†		—	—
Barclna.	S	25	77	Florence	S	29	84	M'chstr	F	19	66	Rome	S	27	81
Belfast		—	—	Frankft.	R	14	57	Melbne.	C	11	52	Salzbrg	C	16	61
Belgrd.	S	22	72	Geneva	F	21	70	Mx. C.†		—	—	S'rsco†	F	13	55
Berlin	F	16	61	Gibrltr.	S	24	75	Miami†	S	27	81	Singapr.	F	30	86
Biarritz	C	22	72	Glasgow	F	17	63	Milan	S	27	81	S'tiago†		—	—
Bmghm.	F	18	64	Guernsy	C	15	59	Montrl.†	C	13	55	Stckhm.	S	19	66
Blackpl.	S	18	64	Helsinki	R	12	54	Moscow	R	12	54	Strasbg.	R	17	63
Bombay	F	30	86	H Kong	R	29	84	Munich	R	15	59	Sydney	S	14	57
Bordx.	S	28	82	Innsbrk.	C	19	66	Nairobi	F	24	75	Tangier	F	24	75
Boulgn.	F	15	59	Invrnss.	S	13	55	Naples	S	31	88	Tel Aviv	S	29	84
Bristol	C	18	64	I.o.Man	C	15	59	Nassau		—	—	Tenerife	S	28	82
Brussels	F	17	63	Istanbul	S	27	81	Nwcstl.	C	15	59	Tokyo	R	24	75
Budpst.	F	19	66	Jersey	C	16	61	N. Delhi	F	28	82	Toronto†	F	15	59
Cairo	S	33	91	Jo burg	S	19	66	N. York†	S	19	66	Tunis	S	29	84
Cardiff	C	17	63	L Palms.	F	24	75	Nice	S	25	77	Valencia	S	29	84
Cape T.	F	17	63	Lisbon	S	23	73	Nicosia	S	28	82	Venice	S	25	77
Chicg.†	C	21	70	Locarno	S	26	79	Oporto	C	18	64	Vienna	C	17	63
Cologne	F	18	64	London	F	19	66	Oslo	F	19	66	Warsaw	C	15	59
Cpnhgn.	T	16	61	L Ang.†	C	19	66	Paris	C	17	63	Zurich	C	17	63
Corfu	S	29	84	Luxmbg.	R	12	54	Peking		—	—				

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

Prime rates cut

banks' sharply reduced funding costs.

Since the prime rate was last cut in late April in the wake of ane arly Fed discount rate reduction, the Federal Funds (overnight interbank) rate has fallen from about 6.9 per cent to just under 6.5 per cent yesterday while bank Certificate of Deposit (CD) rates have edged *fallen by about 30 basis points.*

George Graham in London writes: In the UK the authorities' actions in the money markets sparked cautious optimism that interest rates *might soon be permitted to* move lower.

The discount houses, which act as intermediaries in the money markets between commercial banks and the Bank of England, pressed for an immediate cut of half a percentage point in UK bank base rates.

This pressure was resisted but the Bank's willingness to buy bills from discount houses for repurchase on July 22 at an interest rate of 10$\frac{3}{16}$ per cent *was viewed as an indication of* a more relaxed stance from the authorities.

A dealer at one bank said: "The message for today is 'no' but for next week it is 'maybe'."

The prospect of a reduction rate cushion over other leading *countries helped to depress* sterling against all major currencies for a second day. It slipped by more than 1 cent against the dollar to $1.505 and lost ½ pfennig to DM 3.2925.

Gilt-edged securities initially rose on the stock market, but the announcement of a new government bond issue led to a further setbeak. Longer-dated stocks lost up to a full point. The sluggishness of the UK *gilts market in recent weeks* has led to a widening in the gap between UK and US bond *yields to about 2½ percentage* points.

The new stock, 8½ per cent Treasury Loan 2007, is to be issued by tender next week at a minimum price of £94.50, with £25 payable immediately. At the tender price it will yield 9.09 per cent.

Equities, however, which had recovered after Tuesday's sharp fall, lost ground again yesterday. The FT Ordinary share index fell 3.3 on the day to end the week 19.2 lower at 1,337.3.

Share prices had largely followed Wall Street throughout the week, dropping more than 30 points on Tuesday in *the wake of the 61.87 point* plunge in the Dow Jones Industrial Average in New York the *previous day, before recovering* most of the lost ground on

WEEKEND FT

Saturday July 12 1986

• MARKETS • FINANCE & FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Fifty years after the Spanish Civil War began, **David White** reports on its legacies and meets the veterans who are still living in exile

For whom the bell tolled

EMILIO SALGADO is still fighting the Spanish Civil War. Or so he likes to say. He has spent 20 years in more Spanish prisons than he can remember, and 20 more in exile in France, thinking about Spain. But he will not return to live in his country. Even though democracy is back and his own party is now in power. "Old Socialists do not recognise themselves in the party now," he grumbles.

Fifty years ago he was in Madrid, a confectioner, active in the powerful Union General de Trabajadores and in an armed youth section, La Motorizada. It was one of his companions who, on July 13, 1936, committed the "idiocy" (Salgado pauses to give emphasis to the word) of shooting the Monarchist leader, José Calvo Sotela, helping to spark off the civil war.

Salgado spent the three war years in the Republican intelligence, but that was only the beginning. Moving with the government to Valencia as Franco's divisions closed in, he missed his boat in the chaos ("I confess I don't know what it would have been like if we had won the war"), was captured, sentenced to death, put through mock executions, pardoned, recaptured on an underground mission, imprisoned again.

When he was finally released and went to Toulouse in 1962, his daughter, whom he had never seen, was 15. Eighty years old, unreconciled, he cannot accept the compromises that have gone into creating today's Spain.

Exiles like Salgado testify both to the passions that made the war and to the changed place that Spain is now.

July 17 marks the 50th anniversary of the Nationalist uprising against the left-wing government, starting in Spanish Morocco and spreading next day to the mainland, where the old social order was being rapidly, uncontrollably demolished. At that moment, the future of the world seemed to hinge on Spain.

It became the focus of the battle of ideologies. Each side presented itself as the vanguard of the fight either against "the great communist enemy" (to use Pope Pius XI's phrase) or against fascism. A rehearsal for world war, involving Italians and Germans (with decisive results), French, Russians and 35,000 International Brigade volunteers, it was the last romantic battlefield. "On that tableland scored by rivers," Auden wrote, "our thoughts became bodies."

To Spaniards today, the war seems at the same time far and near. The generation in power was born after it ended. The time is over when the top army ranks were filled by people who fought in the war under Franco: the combatants are now too old. The last active political leader who played a part in the conflict, the Communist Santiago Carrillo, has just lost his seat in Parliament.

Since the 1950s, the advent of the Seat 600 motor car and the invasion by foreign tourists, Spain has been transformed: no longer isolated, predominantly no longer agricultural, but industrial, urban and middle-class. The country has got over the war. But it still avoids touching the scars.

Significantly, although individual institutions are staging seminars and events to mark the anniversary, no official commemoration is planned at government level. Even half a century can be too soon.

To those whose 20th century is divided up by the Second World War, 1936 belongs to a compartment labelled "before." The Berlin Olympics, the Hindenburg's first transatlantic flight, Edward VIII, the French Popular Front, Italy annexing Abyssinia—all these seem remote. But for Spain, a bystander in Hitler's war, that year towers over all of modern history, throwing its long shadow forward. Franco, the victor, ruled for 36 years after the end of the war, without healing the wounds. In a sense, the war did not really end until his death in 1975.

This dimension of Spain's tragedy, quite apart from the toll of victims (historians still argue about the numbers, but perhaps 600,000 were killed in the war or executed afterwards, and another 500,000 forced to flee the country), sets it apart from any other modern civil conflict in a Western country.

Many exiles went back, during or after the dictatorship, but pockets of displaced persons remain, from Mexico City to Moscow. The car park attendant at a hotel in Fez is known as Mohammed, but his real name is José. More than 1,000 of them are living in the Soviet Union, the remainder of 4,000 "war kids" shipped out there from northern Spain in 1937, the year German bombers destroyed the Basque town of Guernica. The Russians brought in special teachers for them. They were the privileged exiles. Refugees who crossed the Pyrenees in 1939 went through much worse, in some cases ending up in Nazi concentration camps.

Toulouse was the capital of Spanish exile, and still is. Salgado and his contemporaries never meant to stay, always intended to go back soon, but never did. Some hardly speak French although they have been there more than 40 years. José Borras, a veteran of the anarchist peasant movement, says he lived for years with four chairs and two plates. It was always provisional.

"We never unpacked our bags," recalls José Martinez Cobo, now a well-established Toulouse doctor. He left Spain when he was six. His father had been an executive in Spain's oil monopoly. His early memories are of bombs in Barcelona, and later a winter in France living off cottage cheese and potatoes.

He learnt Spanish only as a teenager, meeting other Spanish emigrants. They used to field a Spanish football team, until many of the younger generation left. Now he says: "The older I get, the more Spanish I feel."

José Borras was 20 when they told him war had broken out, a war which he now says was "everybody's fault." A local secretary of the anarchist CNT trade union in the cereal-growing plains of Aragon, he took to the mountains. When relief came from the anarchist Durruti column, arriving from Barcelona, he joined the column. They promoted him to organise collective farms in what was to be "Spain's Ukraine."

Money was replaced by barter. The experiment was thwarted not by the Nationalists but by the Communists. In 1939, he went over the border with three brigades, later joined the French resistance, worked as a farmer, woodcutter, coalman, accountant, journalist, writer and housepainter. He took French nationality in order to visit Spain in the 1960s. But it was a big disappointment.

"People were less generous after the misery they had been through," he found. He complains that ordinary Spaniards nowadays have no political education, no solidarity. "When we go back to our pueblo, we can't talk about anything. We talk about the weather. Other people say we are trying to re-live the traumas."

Paul Leith

In Spain, the post-Franco transition has seen the virtual disappearance of militant Republicanism. In the spirit of *convivencia*—literally, living together—it was one of the things that needed to be buried. For the exiles, it is what kept them going while the other side kept them out. They are glad now for Spain's democracy and accept King Juan Carlos—Franco's chosen heir—for what he has been able to achieve. But that does not make them Monarchists.

"I suffered for the Republic," says Bernardo Simo, 78, survivor of one of the rare naval encounters of the civil war. Embittered by developments in the Socialist Party, he now belongs to a splinter party which—equally to his disgust—has allied itself with the Communists.

His story starts in Cullera near Valencia, now a prosperous place very different from when he knew it. In the beginning of the war he joined a battalion to fight the Nationalists on the Teruel front but became sickened when fellow militiamen killed the nuns who ran a local school. "I was friendly with them and respected them. I did not accept that things like this should happen."

He left to become a political commissar in the navy. His job was to keep the crew in the mind for fighting. In 1938 he was assigned to a destroyer in the Atlantic, cut off from the Republic's Mediterranean base of Cartagena. They made two attempts to run the Nationalist blockade of the Strait. The first ended in Gibraltar harbour, where they were allowed to repair. The second ended aground on the eastern side of the Rock. Ye Olde Rock pub in Gibraltar has a picture of the destroyer, the José Luiz Diez. There they tell the tale of how a Spanish marquesa fired a warning signal to alert the Nationalists when the destroyer slipped out of harbour at night, and how a seaman was put down on a buoy in the harbour with a light, as a decoy, fell off the buoy, lost his light and spent the rest of his life in the British colony.

Simo rejoined the navy in Republican territory, found himself in Tunis the day the war ended, was interned in a camp, went through the German occupation of Tunisia, moved to Algeria, married his second wife in Oran, and went to France in 1949, where he learnt a new trade as furniture restorer.

The Simos live in a cramped flat on a French pension. One day he may get a pension from Spain. After Franco's death, pension arrangements were made for members of the regular armed forces who stayed loyal to the Republic. Last year the measure was extended to 60,000 others who joined up on the Republican side during the war. They can even wear their medals. But the authorities have apparently not yet got around to political commissars.

One of the predicaments of post-Franco Spain has been over reinstating the legitimacy of the Republic. Franco built his own war monument, but not until last year, on the 10th anniversary of the king's reign, was a memorial dedicated to the victims of both sides.

Churches bear plaques listing just the Nationalist dead, "fallen for God and Spain." On the walls of many, such as Salamanca Cathedral, painted inscriptions preserve the memory of José Antonio Primo de Rivera, the charismatic founder of the fascist Falange, who was shot in 1936. (Madrid's Gran Via bore his name during the dictatorship. In the war the defenders had temporarily rebaptised it Avenida de Rusia. It is now Gran Via again.)

On one side of the government buildings known as the New Ministries there is a horseback statue of Franco, with no name (*everyone knows who it is*). On another side, a statue has been erected to the hardline Socialist leader, Francisco Largo Caballero, but it mentions only that he was Labour Minister in 1931-33, not that he was a Prime Minister of the Republic during the civil war.

The Civil War Room in Madrid's Army Museum is a shrine to one side, where Franco's campaign is still referred to as "the crusade." In the past few months, however, references to the Republicans as "the enemy" have been discreetly removed, and "the war of Liberation" replaced by "the war of 1936-39."

Although the Nationalists took ample and terrible revenge in terms of atrocities, an issue is still made of the revolutionary excesses of the left. A beatification process for three Carmelite sisters murdered in Guadalajara in 1936 (among about 7,000 priests, monks and nuns who were victims of leftist rampages) has been going on for years. It was held up under Pope Paul VI but has since been resumed.

Nowadays, children of both sides mix with no concern as to whose family stood where. But some divisions remain among the older generation. Two cousins living next door to each other do not speak because the father of one was suspected of having denounced the father of the other. A pensioner feels he can never return to his home village. A Basque exile has lost touch with cousins who were on "the other side."

Middle-class families were often caught up on both sides. One example is the family of Juan Antonio Ruiz de Alda vice-governor of the Bank of Spain. His father, an aviator and leading early Falangist, was killed by the Republicans. His maternal grandfather, an admiral was killed by the Nationalists.

Spain looks back at its war rather like someone who had a fit of madness he would rather forget. How, people wonder, did it come to that? How did the extremes take hold?

"There is no country," says Dr Martinez Cobo, "where one half is ready to die for one side and the other half for the other."

Few feel about it like Wenceslao Antolin, a wartime messenger now in Toulouse. "The three war years were the best in my life," he remembers. "They gave me a new motor-bike. I was 25 and free. What could be better? Bombs! What fun! I played cat and mouse with the bombs on my bike."

Such nostalgia is rare. It is more common to find people who, perhaps because of the material hardships that followed, simply do not want to talk about the period.

Explicitly or not, the war is there as a constant reference. Felipé Gonzalez, the Prime Minister (who took the Socialist Party leadership out of the hands of the exiles), alluded repeatedly during this year's election campaign to the mistake of trying to go too fast, as the Socialists did in the 1930s. "We will not make mistakes like that again," he said.

The shadow of the war is there in the cautious way Spaniards vote, in the low level of party militancy, in the depoliticisation that the Franco regime brought. It sometimes seems as if there were a conspiracy against having a confrontation. The red-yellow-and-purple Republic flag is still taboo. Training in the Spanish Army continues to be largely based on principles from the civil war. Full-dress uniforms for army officers (they are due to be changed) still feature a clasp with the inscription "1936-1939."

Sensitivity among the military is the main reason Mr Gonzalez is reluctant to stage an official ceremony. The rebellion was their one great modern triumph, effacing the humiliations of Spain's Moroccan campaigns. But the soldiers who thought they were the winners of the civil war have had to watch much of what they stood for being overturned in the last 10 years.

Issues that were central to the Nationalist cause—the role of the Roman Catholic Church, the unity of Spain versus regional home-rule, property rights—have been resurrected. The Church had its official status restored by Franco: it has now lost it, lost battles over divorce and abortion, and lost much of its say in education. Franco suppressed regional autonomy: autonomy statutes are back in force. Franco overruled land reform: agrarian reform, in a milder version, is once again causing controversy in the south.

In the end, did they win the war? And if not, who did? In Toulouse, the emigrés have long since agreed on the answer to that riddle.

"Everybody lost."

The Long View

On the side of the big dividends

The results of the Government's efforts to promote private ownership fall well below anything that could be called popular capitalism, says John Plender

THE BRITISH have never been accused of nursing a penchant for ideology. Perhaps that is why, in economic policy, ideological rhetoric seems so often at odds with simple arithmetic.

Take the last Labour government. In the panicky days of the mid-1970s when the stock market was crashing and Tony Benn could still inspire fear in the heart of the average capitalist, Denis Healey made a memorable jibe about squeezing the rich until the pips squeaked. Official statistics have since allowed us to calculate that in each successive year between 1975 and 1979 capital taxes fell as a percentage of the government's total tax revenues.

That period coincided with the first leg of one of the biggest bull markets in recent history. And the Labour government also failed to fulfil promises to introduce a wealth tax. Small wonder that the Press described Mr Healey, after several of his numerous budgets, as "the best Tory chancellor we have got."

In the Tory canon the ideological counterpart of soaking the rich is the promotion of popular capitalism. Yet here again, after seven years of Mrs Thatcher, it is far from clear that the Government is wholeheartedly committed to the cause, *pace* shareholders in British Telecom.

The figures are admittedly confusing. At one extreme a poll carried out for the Stock Exchange by British Market Research Bureau suggests that the number of adults who own shares has doubled to around 16 per cent. Recent surveys by Market and Opinion Research International (MORI) and by Financial Research Services, on figures in the 8 to 8½ per cent range, which implies that nothing much has changed.

The debate on methodology can safely be left to the researchers. My own hunch is that the numbers probably have increased to reflect both the Government's efforts to promote private share ownership through the privatisation programme and the growth of employee share ownership schemes; but that the result falls well short of anything that could be called popular capitalism.

For when it comes to the real test of the Government's commitment — the readiness to divert savings away from the pension fund giants back into the hands of private individuals — the Government has, until now, remained firmly on the side of the big battalions.

Consider the official figures. In every year between 1979 and 1985 private individuals were consistent net sellers of British company securities. Only in the second quarter of 1985 did they actually buy more than they sold. And they disposed of more than £20bn-worth of stocks and shares, net, during that period.

True, these figures are calculated as a residual of the transactions of the other main sectors of the economy. But even allowing for a measure of unreliability, the consistency of the trend and the size of the numbers leaves little room for doubt. The statistics of the personal sector's total *holding of assets* confirm the picture. While private individuals' holdings of British ordinary and preference shares went down from 12.2 per cent to 11.3 per cent of their total financial assets between 1979 and 1985, their interest in insurance and pension fund contracts went up, in round figures, from 32 to 42 per cent.

A Tory might object that statistics are about history and that the Government is now striking out into sounder ideological territory. We have Lawson's Personal Equity Plans, Fowler's attempts to personalise occupational pensions, Walker's privatisation of British Gas, with which the Government *hopes to ensnare up to 5m shareholders.*

Well, maybe. But in truth the Chancellor's Personal Equity Plan is a Treasury mouse, designed to confer marginal benefit on the small Exchequer. We will believe in the effectiveness of Fowler's personal pensions initiative when we see the small print. *As for British Gas, the numbers* may well be big. But it is noteworthy that at British Telecom the numbers have acquired a curiously shrunken look: the original 2.1m subscribers had by May this year been whittled down to less than 1.6m.

What, then, is the Government really up to in this area? The answer is surely that it has made a very undoctrinaire assessment of the political costs and benefits of encouraging wider share ownership and concluded that it constitutes a much more risky strategy than promoting increased home ownership. Privatisation shares go down as well as up, as those who rushed to buy Britoil know to their cost. So votes can be *lost as well as* won. And providing genuinely powerful incentives for private share ownership cannot be done without cost to the public sector borrowing requirement.

If, on the other hand, the Government limits its serious political commitment to marketing the shares of utilities like British Telecom and British Gas; if it ensures that these utilities are transferred to the private sector with their monopolies only modestly curbed; and provided the merchant bankers can be relied on to under-price the issue to ensure that aspiring capitalists enjoy a handsome premium, the political risks can be minimised. The taxpayers who lose on the deal suffer the pain only indirectly, while the investors reap identifiable rewards.

A conspiracy theory? Decide for yourself. But do at least recognise that it squares with

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· MARKETS ·

Hard to resist the New York slide

London

WHEN Wall Street pundits *start talking about* a 15 to 20 per cent correction in their own market, driving the Dow Jones Index down by almost 62 points in a record-breaking day, London is virtually defenceless. True to form the UK market cracked on Tuesday with the FT 30-Share Index shedding over 30 points and the All-Share down by *1.7 per cent.*

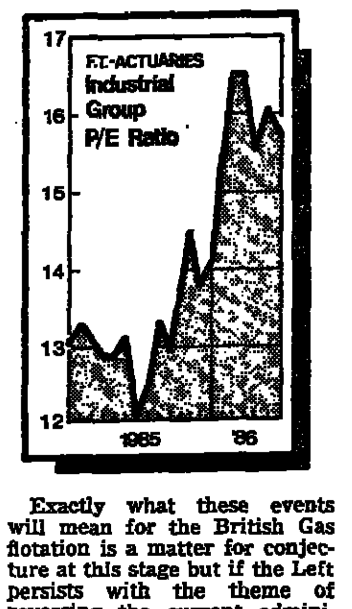
Yet London is in macho mood despite unease in the US. Over the next two days the All-Share Index made up the bulk of the ground lost on Tuesday. And that was without any help from the gilt market which has had a poor week on the back of disappointing money figures for June, when M3 rose by 1¼ per cent, and a growing realisation that an early cut in interest rates is slipping beyond the *Government's grasp.*

The oil price is running at its lowest level for 12 years with Brent crude changing hands at under $10 a barrel and sterling has come under increasing pressure on foreign exchange markets with the result that inter-bank lending rates have risen to double figures once again. The Fed may have enough confidence to cut its discount rate by half a point to 6 per cent but Mr Lawson looks more likely to leave UK rates well alone for the moment.

The prospect of continuing high real interest rates is not *particularly encouraging but* within every cloud, market dealers will find plenty of silver linings given enough incentive. One obvious bull point is that a weaker pound against the D-mark must be good news for the likes of ICL.

Not all of the big stocks have weathered the week as well as the chemicals giant. British *Telecom in particular had a* dismal time. Talk within the Labour Party of renationalising Telecom threw the cat among the pigeons and the price went down to 194p before clawing its way back over 200p. Earlier in *the year it was as high as 278p* and in the last month alone it has underperformed by almost 10 per cent. Indeed if it were not for the weakness of Telecom the All-Share Index would be 3 per cent or so higher than it is.

What a party does in power and what it talks about in opposition may be two quite different things but the Strasbourg judgment this week, where Vickers *et al* lost the case agains the Government on compensation terms for nationalised assets, is not going to encourage future Labour *ministers to be generous with* Telecom shareholders if it ever came to the crunch.



Exactly what these events will mean for the British Gas flotation is a matter for conjecture at this stage but if the Left persists with the theme of *reversing the current* administration's privatisation policy, the institutions will be demanding "sensible" (that is, cheap) pricing.

The continued weakness of the oil market may be good news for some but certainly not for the likes of Tricentrol which has in the past hung its hat on an average oil price of *$18 this year. Something quite* remarkable would have to happen this autumn for that to be possible. So this week found the management knotting together a plan to sell all but a 25 per cent interest in its North American company to raise £53m for a straining balance sheet.

US oil executives are even more *bullish about the oil* price than Tricentrol and so the disposal, assuming it goes through, is struck at a reasonably keen price. Yet cutting debt from about £145m to under £100m is not a universal remedy for Tricentrol's *ills.*

It does relieve the pressure to dispose of the 20 per cent stake in the Amethyst gas field but that is probably worth no more than £10m anyway compared to the £20m or £30m bandied around earlier in the year.

What Tricentrol has achieved is a breathing space, not much more than that, and even though the shares appear to have found some solid ground at about a tenth of the level they were half a dozen years ago, there is no reason why they should not drift lower.

Having heard a forecast of £38.5m interim profits when Granada fought off Rank Organisation's unwanted £753m bid three months ago, the market was not expecting fireworks from the actual interim statement this week. The half time profits came in 40 per cent ahead at £39.12m and the group looks comfortably on the way towards *£92m pre-tax for the full year.*

The television rental market may be in decline but Granada is reaping the rewards of its Rediffusion acquisition while the depreciation charge on its rental assets is falling—down by 5 per cent in the first half. Over on the television contracting side, Granadaland is enjoy*ing* buoyant advertising revenues in common with the industry and even though overseas sales are not as good as last year TV profits should be well ahead.

While Granada's management *must be* happy enough with the way life is going, the failure to land Comet (Dixons would have sold it if it had won control of Woolworth) *is a setback and* not just because of wasted underwriting fees.

Nevertheless Granada has the profits, cash flow and balance sheet to contemplate acquisitions. That is more than *can be said* of Electronic Rentals with gearing of around 130 per cent. It came out with full year figures showing pre-tax profits 8.5 per cent higher at £16.5m. ER could make upwards of £20m this year but the City is not enamoured and a yield of 7.6 per cent is about the only attraction.

It is not easy to find even *that small kind remark about* Thorn EMI. It reported pre-tax profits of £104.7m against £108.3m on Thursday but because £61m of extraordinary costs had been pushed below the line virtually *unchanged pre-tax numbers* hardly seem representative of events. Some £42m of dividend is coming out of £0.4m of attributable profits.

Thorn's open wound is Inmos where another 500 jobs are to *go at the Colrado Springs micro*-chip plant. It is hard to credit it, but Inmos has cost Thorn £240m which makes the problems of the body scanner, which drove EMI into Thorn's arms, seem a relative flea-bite. And *Inmos is still losing* money on the trading front while who knows what other extraordinaries lurk?

Thorn may have a very good rental business turning in £90m to £100m a year profit and the rest of its operations look more or less alright but with Inmos on board the shares look too high at anything much above 400p.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Share Index	1,337.3	−19.2	1,425.9	1,094.3	Wall Street plunge hits confidence
FT Govt Securities Index	89.91	− 1.75	94.51	80.39	Base rate hopes evaporate
ACM	100	+13	107	64	Weak Australian dollar boosts Gold
Brint Investments	185	+35	200	125	Call option activity
BP	565	−13	593	518	Oil prices at 12-year lows
Bruntons (Musselburgh)	70	+17	73	48	Bid of 62p cash from Carclo
Charterhall	29	+ 4	32	9	Wyncon Group gains control
Conroy Petroleum	145	+25	150	23	Statement expected on lead/zinc fi
Goode Durrant and Murray	126	+51	126	75	Impala Pacific acquires 20% stake
Hay (Norman)	180	+38	190	80	Bid speculation
IMI	*178*	−12	190	119	*Broker downgrades profits forecast*
Jaguar	548	−28	585	335	Adverse circular/US offerings
Ladbroke	360	+15	389	312	Persistent investment demand
McKechnie Bros	228	−22	290	185	Evered bid lapsed
Midland Marts	175	+25	180	82	Bid from Oyston Estate Agency
Paul Michael Leisurewear	52	+36	55	10	Cleves acquires controlling stake
Property Holding and Inv	154	+18	154	107	Bid from Greycoat
Saatchi and Saatchi	695	−40	936	695	Adverse Press comment
Vickers	443	−35	540	296	Compensation *claim rejected*
Wiggins Group	110	+24	113	41	Favourable Press comment

Takeovers: waiting for Breakfast

ONE OF THE most unusual takeover bids the USM has seen was launched this week when *Cleves Investments,* a small unquoted issuing house, took a 55 per cent stake in the ailing Paul Michael Leisurewear group and made a cash offer for the rest of the shares.

The bid was not entirely unexpected. Paul Michael, a footwear manufacturer and knitwear importer, has been on a downhill *slide since it was* floated on the USM at 30p in September 1984. In the year to last December it ran up losses of £54,000 against profits of £297,500 the year before.

The surprise was the bid's origin: Cleves, after all, *is* hardly close to the rag trade: its main business in the past has been sponsoring USM flotations, of which it has done 16 so far. The last was Jack L. Israel in September 1985, and another is due next week.

Cleves bought its stake from Brown & Jackson, the fully-*listed diversified* group which used to own the whole of Paul Michael but which floated off 35 per cent of it on to the USM in 1984. Having acquired more than 29.9 per cent of the shares, Cleves was compelled by stock *market rules to make an offer* for the rest on the same terms —16½p cash per share.

Since Paul Michael's shares had risen by yesterday to 48p in the marketplace, shareholders would clearly be rash to accept *this* offer. *Nor does Leonard* Lee, Cleves' managing director and proprietor, particularly want them to. His aim is not to take over Paul Michael, but to keep it independently quoted and set it back on a growth path.

The method planned is the same as that employed at Sunleigh Electronics, the USM-quoted manufacturer and distributor of electronic and scientific equipment which was on a downhill slope when Cleves stepped in and took a 17 per *cent stake* last December. A new broom swept through the boardroom, Mr Lee took over as chairman, and the company embarked on an acquisition programme.

Today, Sunleigh's shares are at 34p, compared with 8p when Mr Lee stepped in, and Cleves Investments, having disposed of 2.2m of its 5m shares along the way, is considerably better off than it was six months ago.

"We believe we can do the same with Paul Michael as we are doing with Sunleigh," says Mr Lee. "We will strengthen the board and change the nature *of the business. It will stay* broadly in the same area, but we have a number of acquisitions in mind, quoted and unquoted, which will make it a very interesting company indeed."

USM
UNLISTED SECURITIES MARKET

Paul Michael's board has yet to respond to the offer but seems likely to take an amicable *line.* The company appeared to have little future in its existing state, and if Cleves can succeed where Brown & Jackson failed, then shareholders, employees and directors will benefit alike.

The other *big takeover bid* of the week left Meadow Farm Produce, the wholesale meat supplier, all dressed up in an £11.2m rights issue with nowhere to go after the unquoted North Devon Meat accepted a higher offer from fully-listed Hillsdown Holdings.

Meadow Farm does not expect to endure this embarrassment of riches for long. Finance director David Brady remarked this week: "There are plenty more companies in the same game as North Devon Meat—*too many judging* by the number which have been phoning us up."

But if takeovers have provided entertainment on the USM this week, it is TV-am's offer for sale which has held the spotlight. Plenty has been said about the company itself, the question that remains is whether its flotation can succeed in the wake of the M6 Cash & Carry flop.

The answer is almost certainly "yes." M6 was extraordinarily unlucky over timing, having been hit by the biggest-ever points fall in the FT Ordinary index the day before applications closed. TV-am's price-fixing came late enough in the week for its sponsors to have seen the way things were going.

Nor is the price demanding. TV-am, after all, has a big advantage over the other television companies in that it is not a programme-maker, and is therefore much better placed to adjust its costs to shifts in revenue: yet on its prospective price/earnings multiple of 8.7, it comes at a slight discount to the sector.

Theory aside, some 40,000 prospectuses apparently went out of Kleinwort Benson's doors within two hours of their becoming available, so the indications are that Thames TV's flotation serves as a better precedent than M6 Cash & Carry's.

Richard Tomkins

Currencies make BET take a dip

AT THE interim stage the City expected **BRITISH ELECTRIC TRACTION** to produce pre-tax *profits of just under £130m,* but currency movements have since swung against the company, and the figure is now expected to be around £123m when BET's preliminary results are unveiled on Thursday.

The company has sustained healthy growth across almost every area of activity—apart from publishing, where a few specialist magazines suffered in the first half, and transport, which was hit by the collapse of the South African Rand.

Yet electronics have fared well, buoyed by much-improved performances from Rediffusion Simulation and Thames Television. In construction Boulton & Paul suffered from bad weather *in the first quarter,* but growth from Anglian Windows should more than compensate for the shortfall.

Industrial Services will have *gained from the first full contri*bution from Initial & Advance, although BET will have to wait for its 1986-87 results for the full effects of the merger to feed through.

There will be few surprises in **DIXONS'** end-of-year results, due to be announced on Wednesday, given that the company mooted its own profit estimate *for 1985-86 with the* publication of its revised offer for Woolworth early last month.

Nonetheless Dixons' estimate was well above market expectations. Analysts had expected £65m or so from the company, but Dixons predicted £75.7m, with a 48 per cent increase in earnings despite a slightly higher tax charge.

Currys mustered sales growth of 27 per cent, producing profits of £28.3m, buoyed by the progress of its own label range, Matsui. Film processing increased profits by 66 per cent to £2m and property development by 50 per cent to £5.3m.

Yet Dixons' own retail activities emerged as the star performer, increasing profits by 54 per cent to £34.8m and sales by 27.5 per cent. Canny buying of home computers—or swooping on Sinclair's stock—not only boosted margins but *turned micros into the largest* single product area ahead of film processing.

Although the best news from the **RANK ORGANISATION** will be reserved until the second half, the company is ex*pected to report a 10 per cent* increase in pre-tax profits to just under £70m when its interim results are announced on Thursday.

Results due next week

The first half was hindered by a sluggish performance from Rank Xerox, where profits have been hit by hefty investment in marketing of the new office automation range. Similarly Pinewood Studios lost momentum in the second quarter of the year, although business has since recovered. And the South Carolina *development will filter* through into profit in the second half.

With its hotel interests concentrated in London, Rank is certain to have suffered from the decline in US tourism and that problem will persist *throughout the year. The holi*day division traditionally sports a seasonal loss in the winter months, but business is relatively buoyant for the second half and will be boosted by the first contribution from the recently acquired Haven Holidays.

The costs of Rank's unsuccessful bid for the Granada Group will be taken below the line but Thursday's results will be hampered by the interest incurred by the £60m Rank spent on building up a stake in Granada. Rank has since sold part of that holding and is *presumably waiting for the* Granada share price to rise before it sells the rest.

ABBEY LIFE'S preliminary figures, due on Thursday, are expected to show an actuarial surplus of £38.5m, up from £34.6m in the previous year. The sale of the remainder of ITT's stake and the general malaise of the insurance sector has hit the *shares since June 1985's* extremely successful offer for sale.

Commission income is expected to have increased by 15 per cent in the last three years, however, thanks to an increase in sales staff and the *company remains committed to* the unit-linked life market, the fastest growing sector of the industry.

Bid rumours have kept the shares of **MAGNET AND SOUTHERNS** high after some disappointing interim results. The preliminaries, due on Wednesday, are likely to show a reduction in profits from last year's £28.2m to around £26m.

Magnet's margins have been squeezed and because of the company's vertical integration, it has been unable to react by squeezing its suppliers. As a result, the company has *attempted to achieve volume* growth by looking to DIY enthusiasts rather than to its tradtional jobbing builder clientèle and the market will be watching closely the progress of this strategy, *in particular* the success of the "super *showrooms" set up within* existing trade branches. Early indications suggest that the showrooms increased turnover by around 50 per cent.

It has been a bad year for **INTERNATIONAL LEISURE GROUP,** and the preliminary results due on Tuesday are likely to show pre-tax profits down from £11.8m to £8.5m, excuding an exceptional profit of around £14.7m from aircraft sales.

International Leisure is making an effort to become a more broadly-based leisure company, *but Intasun remains the* most important division and margins were slashed in the travel industry's price war. Volumes did not rise sufficiently to compensate.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Applied Holographics	Tuesday	—	—	—
Associated British Engineering	Friday	—	—	—
Astra Industrial Group	Friday	—	—	—
Atlantic Assets Trust	Thursday	—	0.55	—
BET	Thursday	2.75	11.25	4.0
Brasway	Wednesday	0.75	1.25	1.0
Brengreen (Holdings)	Tuesday	0.7	0.7	0.75
Bristol Evening Post	Friday	7.5	14.0	9.0
Bromsgrove Industries	Friday	0.3	0.7	0.4
Bulmer, H. P.	Wednesday	2.24	2.66	2.24
Cowen, de Groot	Friday	1.0	1.0	1.25
Dixons	Wednesday	0.48	1.02	0.5775
Ellis and Everard	Monday	2.27273	3.83636	2.5
Fleming Technology Investment Trust	Wednesday	0.8	1.5	0.8
Greene King and Sons	Monday	1.54	3.33	1.71
Graig Shipping	Tuesday	5.0	7.5	5.0
Hallite	Monday	3.0	6.0	3.0
Hampson Industries	*Tuesday*	*0.3*	*0.75*	*0.345*
Hampton Trust	Monday	0.35	0.35	0.35
HAT	Tuesday	1.8	1.9	1.9
Independent Investment Company	Tuesday	—	—	—
International Leisure	Tuesday	2.0	2.8	2.0
Israel, Jack L.	Tuesday	—	—	—
Lloyd, F. H.	Tuesday	—	2.5	1.0
London Trust	Monday	1.25	3.0	—
Magnet and Southerns	Wednesday	2.0	2.7	2.0
Mayfair and City Properties	Thursday	1.0	1.7	1.1
Manvier-Swain	Thursday	—	—	—
Moorgate Investment Trust	Wednesday	4.0	7.5	4.5
Norbain Electronics	Friday	—	1.2	—
Osprey Communications	*Wednesday*	0.5	0.75	—
Sekers International	Monday	0.6	1.4	0.85
Textured Jersey	Monday	1.75	3.25	2.25
United Leasing	Monday	1.4	2.2	1.5
Victoria Carpets	Wednesday	—	2.0	—
Wyko Group	Tuesday	—	1.1	—
INTERIM DIVIDENDS				
Abbey Life	Thursday	2.2	4.7	
Ashdown Investment Trust	Friday	1.0	2.1	
Ashley Industrial Trust	Thursday	—	—	
British Kidney Patient Assoc. Inv. Trust	Wednesday	—	4.0	
Control Techniques	Friday	—	—	
Derimans Electrical	*Monday*	1.25	2.45	
Dew, George	Monday	2.3	3.7	
Dewhurst	Thursday	0.35	0.7	
Electronic Machine Company	Thursday	0.7	0.7	
Evode	*Monday*	0.94	2.28	
First Leisure	Friday	2.0	4.0	
General Consolidated Inv. Trust	Wednesday	3.6	7.6	
Gestetner	Thursday	0.6	1.0	
Glasgow Stockholders Trust	Friday	0.85	1.45	
Greenfriar Investment Company	Friday	—	1.7	
Kershaw, A.	Thursday	4.0	11.0	
Questel	Monday	—	2.2	
Rank Organisation	Thursday	6.5	9.5	
River and Mercantile Trust	Thursday	1.8	3.87	
Romney Trust	Thursday	1.65	3.35	
Rotaflex	Thursday	1.4	3.6	
Spelax Television	Thursday	—	2.0	
Union Discount Company of London	Wednesday	11.0	26.0	
Ventage Securities	Tuesday	0.4	1.2	
Yeoman Investment Trust	Thursday	3.5	6.1	

* Dividends are shown net pence per share and are adjusted for any

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.56	6.72	5.21	3.79	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	7.75	7.90	6.12	4.45	half yearly	1	500 minimum	90
Premium	7.69	7.91	6.13	4.46	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-50,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.34	7.47	5.79	4.21	half yearly	1	2,500 minimum	0
Schroder Wagg	6.73	6.94	5.38	3.91	monthly	1	2,500 minimum	0
Provincial Trust	7.66	7.93	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.09	6.81	5.56	4.38	half yearly	4	—	0
10pc Treasury 1990	9.14	6.30	4.73	3.25	half yearly	4	—	0
10.25pc Exchequer 1995	9.50	6.61	5.01	3.51	half yearly	4	—	0
3pc Treasury 1987	7.08	6.19	5.69	5.23	half yearly	4	—	0
3pc Treasury 1989	6.93	6.00	5.50	5.02	half yearly	4	—	0
Index-linked 1990¶	7.77	7.18	6.85	6.54	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
AE	192§	236	182	189.49	Turner & Newall
Aitken Hume	175	144	158	80.27	Tranwood
Assoc Heat Srvcs	490*§	490	440	39.20	Cie Generale de Chauffe
Authority Inv	130*	365	128	6.60	[illegible]
Benford Concrete	83	89	88	18.40	Blackwood Hodge
Benf'd Concrete¶	90†§	89	83	19.96	BM Group
Berisfords	148§	110	112	8.11	Allied Textile
Biddle Hldgs	170*	170	165	6.80	Kone (UK)
Biddle Hldgs	170*	170	172	6.80	Myson Group
Bootham Eng	640	600	420	6.66	Dowding & Mills
Brown (John)¶	28½	28	23	77.12	Trafalgar House
Bruntons (Mbrgh)	62*§	70	55	4.95	Carclo Eng
Burnett & Hallam	17½	12½	22	6.77	Anglo Utd Bev
Clarke (Clement)	240*	230	240	19.20	Boots
Com Bk of Wales	70*	69	76	16.80	Bank of Scotland
Eleco	134	143	140	22.44	Whitecroft
Gable House¶	222	210	203	17.18	Ladbroke
Gelfer (A. J.)	177½	175	148	11.09	Crowther (J.)
Grattan	540†	532	454	285.14	Next
Ind Scot Energy	90*	90	85	20.50	[illegible]
JSD Computer	150†	150	155	8.17	Hestair
Land Investors	76*	75½	73	74.05	BCPH
Lagtn Indl Hldgs	218	213	210	13.68	[illegible]
Midland Marts Gp	180*	175	143	6.70	Oyston Est Agency
Milletts Leisure	229	230	190	11.91	Sears
Owen & Robinson	£23*	£28	800	1.61	[illegible]
Park Place¶	335*	330	308	44.96	[illegible]
P. M. Leisurewear	*16½*§	52	*16*	1.21	Cleves
Pritchard Servs¶	128	126½	85	147.92	Hawley Group
Prop Hldg & Inv	140§	154	145	110.47	Greycoat Group
Rotaflex	490*	478	483	54.19	GTE Corpn
Stndrd Chartered	810§§	775	873	1,260bn	Lloyds Bank
Sunbeam Wolsey	134	132	120	11.23	Crowther (J.)
Warehouse	£17¾	£18	£13	12.22	Freemans
Whitwth's Food¶	54½	55	63††	5.92	Booker McConnell
Yarrow¶	300§§	790	630	32.00	CAP Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on July 11 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish Kronor.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo Nordic	Mar	758L	(1,320)	—	(5.7)	0.4	(1.4)
Batleys	Apr	1,730	(2,000)	8.3	(8.6)	2.2	(2.1)
Belgrave Hldgs	Dec	1,810	(2,290)	10.5	(14.5)	4.5	(4.2)
Bertram Hldgs	Dec	810	(1,090)	2.5	(3.0)	0.95	(1.25)
Birmingham Mint	Mar	1,630	(957)	17.1	(14.3)	6.25	(5.75)
Braithwaite Grp	Mar	1,020L	(148)	—	(3.6)	—	(9.1)
British Building	Mar	17L	(127)	—	(6.7)	1.0	(2.5)
Bulgin, A. F.	Jan	234	(188)	0.5	(0.4)	0.1	(0.53)
Bus Intl Serv	Feb	4,170	(2,810)	—	(—)	—	(—)
Cambridge Ins	Mar	4,850	(4,210)	12.3	(10.9)	0.67	(—)
Carclo	Mar	3,850	(3,590)	39.2	(34.3)	15.9	(12.6)
Energy Cap	Mar	549L	(1,100)L	—	(—)	—	(—)
Electronic Rent	Mar	16,470	(15,170)	3.6	(3.6)	2.2	(2.2)
Evans of Leeds	Mar	5,030	(4,460)	8.9	(8.5)	4.0	(3.75)
Heron	Mar	40,300	(57,286)	—	(—)	—	(—)
Hogg Robinson	Mar	17,400	(14,200)	24.8	(—)	9.6	(8.0)
Hoyle, Joseph	Mar	301	(43)L	36.0	(—)	—	(—)
Imry Prop	Mar	1,310	(1,790)	6.2	(11.3)	5.7	(5.3)
Jones Stroud	Mar	4,190	(3,520)	44.2	(37.0)	8.5	(7.0)
Kleen-e-ze	Mar	458	(164)	15.1	(6.0)	6.0	(5.0)
Lewmar	Feb	3,520	(2,820)	9.1	(8.0)	1.54	(—)
Northamber	Apr	1,850	(1,210)	13.8	(8.9)	1.2	(1.0)
Oldacre Hldgs	Mar	2,860	(2,500)	12.5	(11.0)	5.0	(4.0)
Penny & Giles	Mar	1,510	(1,240)	10.3	(8.6)	21.8	(1.35)
Platon	Mar	629	(440)	15.0	(12.2)	3.06	(2.8)
Stirling Group	Mar	2,380	(1,760)	11.4	(7.8)	1.6	(1.05)
Stoddard Hldgs	Mar	389	(559)L	—	(—)	—	(—)
Stroud Riley	Mar	1,360	(630)	19.8	(5.2)	3.0	(3.25)
Sutcliffe Speak	Mar	171	(597)	—	(—)	—	(—)
Symonds ng	Mar	37	(73)	0.2	(0.7)	0.91	(0.91)
Thorn EMI	Mar	104,700	(108,300)	26.5	(29.9)	17.5	(17.5)
Toothill, R. W.	Mar	316	(307)	27.9	(25.7)	8.25	(7.5)
Triplex	Mar	1,290	(620)	—	(—)	2.0	(0.75)
Vinten	Mar	400L	(2,490)	—	(—)	1.6	(3.15)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alexanders Hldgs	Mar	127	(49)L	—	(—)
Anglo United	Apr	682	(1,510)	0.5	(—)
Assoc Newspapers	Mar	19,200	(16,400)	1.5	(1.37)
Birmid Qualcast	May	6,140	(3,680)	1.25	(0.75)
City Site Est	Mar	85	(504)	0.47	(0.41)
County Prop Grp	Mar	2,930	(4,080)	1.7	(1.25)
Daily Mail & Gen	Mar	6,590	(5,390)	16.0	(15.5)
Domino Print	May	1,410	(1,210)	0.95	(—)
Egerton Trust	June	647	(413)	0.5	(0.2)
FII	Apr†	1,690	(1,330)	1.5	(1.36)
GRA Group	Apr	548	(54)	—	(—)
Glass Glover	Mar	778	(863)	1.8	(1.6)
Granada	Apr	39,210	(27,970)	3.04	(2.63)
Microsystems	Apr	1,130	(606)	0.75	(—)
Oakwood Group	Mar	66	(68)	—	(2.0)
Securigard	Apr	359	(554)	—	(—)
Southern Bus	Mar	1,140	(857)	1.3	(1.0)
Warner Hldgs	Mar	1,270L	(1,640)L	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † In I£. L Loss.

OFFERS FOR SALE PLACINGS AND AND INTRODUCTIONS

Anglia Secure Homes—USM placing of 2.6m shares at 115p.
BBB Design—USM placing of 2.7m shares at 67p.
Fletcher Dennys Systems—USM placing of 1.9m shares at 70p.
Harrison Industries—Offer for sale of 3.3m shares at 150p.
Kleinwort Development Fund—Placing of 1.2m shares at 154p.
Newcastle and Gateshead Water Company—Offer for sale by tender of £6.5m 7 per cent redeemable preference stock 1994-96 at a minimum price of £100.
Stanley Leisure—Placing of 2.7m shares at 110p.
St David's—Placing of 3m shares at 75p.
TV-am—USM placing of 12.7m shares at 130p.
Unilock—Placing of 4.2m shares at 63p.
Windsmoor—Offer for sale of 6.6m shares at 106p.

RIGHTS ISSUES

London United Investments—To raise £24.3m through a one for two rights issue at 330p.
Scantronic Holdings—To raise £2.75m through a three for [illegible] rights issue at par.

Sanctions costly—if they stick

GAVIN RELLY, chairman of the big Anglo American Corporation of South Africa, has added his views to the current debate as to whether economic sanctions should be applied to the country as a means of replacing its apartheid system with an ongoing democracy.

His opinion is that sanctions would not achieve this objective. Assuming that they would be effective, he fears that the denial of a strong economic underpinning of the country's "nascent and fragile democratic institutions" would give way to tyranny.

He sees no easy solution which does not involve risk. However, he thinks that the less dangerous course is for the South African Government to abandon its piecemeal approach to reform and, instead, to open opportunities for black South Africans to take part directly in the political process.

He believes that the majority of them would prefer this approach and favour "negotiations rather than violence."

Meanwhile, the Department of Trade and Industry has confirmed that because of the South African crisis no more sales are being made from the UK stockpile of strategic raw materials. So far about a quarter of it has been sold, in line with the view that such stocks should normally be financed by industry users than by the Government.

Of course, many of the minerals which South Africa produces can be obtained without much trouble from other sources. A notable exception is platinum and its associated metals. Last year South Africa produced about 80 per cent of the western world's supplies, lifting output to meet demand from the motor industry, which needs the metal for the catalytic devices used to clean up harmful exhaust emissions, and for high octane petrol. It is widely used, of course, in jewellery, particularly in Japan. The rest of the western supplies come from the Soviet Union and, to a lesser extent, from Canada, where platinum is mined by Inco as a by-product from nickel.

Any stoppage of South African platinum supplies as a result of sanctions would produce headaches for the west. However, one feels that there would be no shortage of sanctions-busters willing to buy South African platinum and re-sell it at higher prices on the western free market.

South Africa is also the world's biggest producer of gold, and this week the June quarterly reporting season has been opened, as usual, by the companies in the Consolidated Gold Fields group. Because of currency exchange movements they received a lower average domestic price in the period of R23,743 per kg, compared with R25,029 in the previous three months.

Gold output was little changed while cost increases were held down to just under 7 per cent on average. So apart from Venterspost, which achieved a useful increase in gold production thanks to a higher grade of ore, the mines earned less at pre-tax level.

In the cases of Kloof, Doornfontein and Libanon, however,

Mining

there were financial year-end rises in their tax-offsetting capital expenditure. Tax charges fell accordingly and the companies ended up with higher net profits.

Australian gold miners are receiving steadily rising domestic bullion prices while the value of the country's dollar goes in the opposite direction. However, the currency weakness has had a major impact on share prices, which have lost a good deal of ground since the beginning of the year. Stockbrokers James Capel note that a similar situation a year ago ended in a sharp rally in the gold share market.

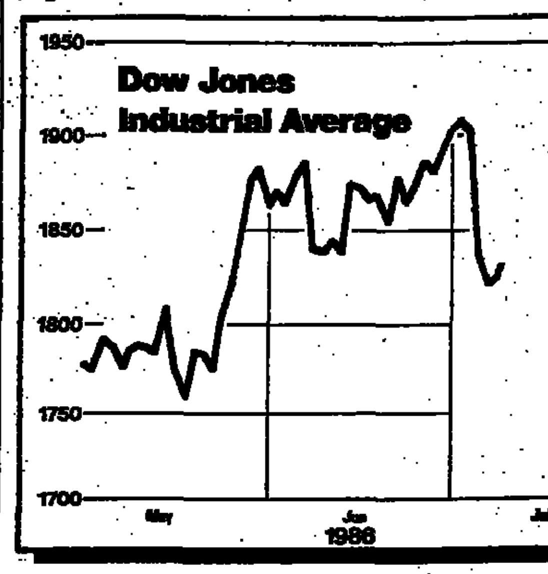
Things are stirring in Yandicoogina. The big iron ore deposit of this name, in the Pilbararegion of Western Australia, is effectively split into two parts. One is owned by Broken Hill Proprietary which has just announced that it intends to mine the ore "at an early date."

The other part of Yandicoogina is of similar size and holds an estimated 3bn tonnes of ore, of which 1.2bn tonnes are regarded as proved and probable reserves. This part was wholly-owned by CSR which has now sold half to CRA in the Rio Tinto-Zinc group. These two companies also announce that they intend to mine their deposit "as soon as is practical."

Kenneth Marston

The hangover of the century

WHAT A PARTY! The July 4th celebrations were even better than expected, but the morning after was something else. As Wall Street's money managers, returned to work this week, the stockmarket went into a spectacular nose-dive and the festive mood quickly turned to gloom.



The Dow Jones Industrial Average plunged by a record 61.87 points on Monday, wiping a cool $74bn off the value of the market. Tuesday morning was even worse, with the index dropping by a point a minute in the first thirty minutes of trading. At one stage the Dow tumbled below the 1,800 level before recouping some of its losses in one of the heaviest trading sessions ever. By Tuesday evening the index was 80 points below last week's peak

All of a sudden the 2000 level on the Dow looks a very long way away and this week traders have been wondering whether the market will be able to stabilise above the 1800 level or will have to go lower. Yesterday morning Bob Farrell, Merrill Lynch's chief stock market analyst, was saying that he *expected the Dow to bottom out* somewhere around 100 to 150 points below its July 2 peak of 1909.03.

Several of Wall Street's leading market technicians—the people who rely on share price charts rather than underlying fundamentals to tell which way the market will go—had been saying for some time that the market was looking increasingly precarious at last week's rarified levels.

They have been noting they way the Dow Jones Transportation Average has been lagging behind the 30 share index, and the number of stocks hitting new highs each day had fallen from around 300 a day to around 100. Analysts like to see the Transportation Index hitting new peaks, on the basis that the companies which move the goods around America should be the first to feel the effects of an upturn in the US economy. Meanwhile, the declining number of stocks

Wall Street

hitting new peaks indicates that the stock market advance is being fuelled by fewer and fewer shares, which also worries the technicians.

82 However, it was not until Mr John Mendelson, head of stock market analysis at Dean Witter Reynolds, was sitting in his sunfish sailboat on a quiet Vermont lake last weekend, that he decided that now was the time to tell his clients to get out of the market. He believes that the second leg of the current bull market is ending and that the market will drop by between 15 per cent and 20 per *cent from this month's peak.*

A 20 per cent decline would knock the Dow down to around the 1500 level. This sort of setback is not being forecast by the majority of Wall Street's traders. The general concensus is that this week's shakeout is part of a long overdue correction, and that the market will still go ahead from these levels when the dust settles.

The market is in a more nervous mood than it was last week when it seemed as if it could shrug off even the most horrible economic news. Over the last few days the US financial markets have begun to take far more interest in the state of the US economy and the value of the dollar.

Following Mr Nakasone's landslide victory in the Japanese elections the US dollar plunged to a post-war low of Y158.20 in Tokyo on Monday. *It recovered later in the week,* but traders are waiting to see what happens in the aftermath of Thursday's half point cut in the US discount rate to 6 per cent.

This is the third time the discount rate has been cut this year, and while the reduction *was not unexpected given the* sluggishnes sof the economy, the timing of the drop has raised some eyebrows. The Federal Reserve has been under considerable pressure to cut interest rates and there is a feeling in some quarters that it is bowing to pressure from the White House, which is keen to have the economy firing on all cylinders in the run-up to the Senate elections this winter.

Even if this is not correct the Fed's decision to cut the rate now, rather than wait for Japan and Germany to cut theirs, could make the US *dollar even more vulnerable.* Mr Volcker has repeatedly warned about the dangers for the US economy and interest rates if the slide in the dollar gets out of hand. Yet this week he raised the stakes by agreeing to cut the discount rate and appeared to be backing the government gamble on a threatened further sharp decline in the dollar to force Germany and Japan to reflate their economies.

MONDAY	1839.90	−61.8
TUESDAY	1820.73	−18.2
WEDNESDAY	1826.07	+ 5.3
THURSDAY	1831.83	+ 5.7

William Hal

Runaway index not caught

THE STAYING power of this year's Tokyo stock market rally continues to astonish. Investors shrugged off Monday's record slump on Wall Street, and sent the TSE stock average to a new record high of 17,734.15. They seemed to pay little attention to the landslide victory of the Liberal Democratic Party in

Tokyo

last Sunday's national election, except in a brief fall on Wednesday following a rather far-fetched Press report that a stiff austerity budget was on the way.

By yesterday, though, the festive mood had returned, and the US discount rate cut, which should be a negative factor for Japan, was simply brushed aside. The TSE gained 200.95 points to close the week at 17,670.77, roughly 35 per cent higher than it was at the begin*ning of the year.*

So where does the market go from here? Anyone looking at the TSE chart might be inclined to take the money and run; they would be reinforced in that view by the sight of more and more poor results coming from manufacturing *companies hit by the high yen.* Yesterday Kubota, the big farm equipment maker, reported that its net income last year was half that of the previous year.

But investors who acted on the impulse to take profits three months ago are now inclined to have more respect for those who argue the case about the enormous demand pull in this market.

Japan has long had investing institutions with huge cash flows for investment. Now they are joined by many industrial *companies that have big sur*pluses and are nervous about investing it in new capacity because of the uncertain outlook for the competitiveness of Japanese products in international markets.

Then there are the foreign investors; for them, even if Japanese shares don't rise that rapidly any more, the probable currency gain will top up the return when expressed in dollars or pounds.

So one strategy that can be seen in the market is a rush for shares which, while they *may not have much to offer in* the way of earnings, seem to carry little downside risk.

One such is Ishikawa Jima-Harima heavy industries (IHI), the shipbuilding and heavy engineering group. IHI may be in a shipbuilding morass, but it will benefit from the government's plan to close most of the country's yards. Indeed, one IHI yard is on an island just off central Tokyo and could be turned into a profitable commercial development, especially if, as many believe, interest rates will soon be cut.

Surprisingly, the search for security even extended yesterday to export sensitive blue chips, such as Toshiba, Hitachi and Matsushita.

A more obvious strategy is to go for civil engineering and other shares that stand to benefit from the much-mooted reflation package expected from the new government in the autumn. Chugoku Electrical Construction and Shikoku Electrical Construction hit all-time highs this week. Ohbayashi, one of the top five civil engineering contractors, has been another recent favourite.

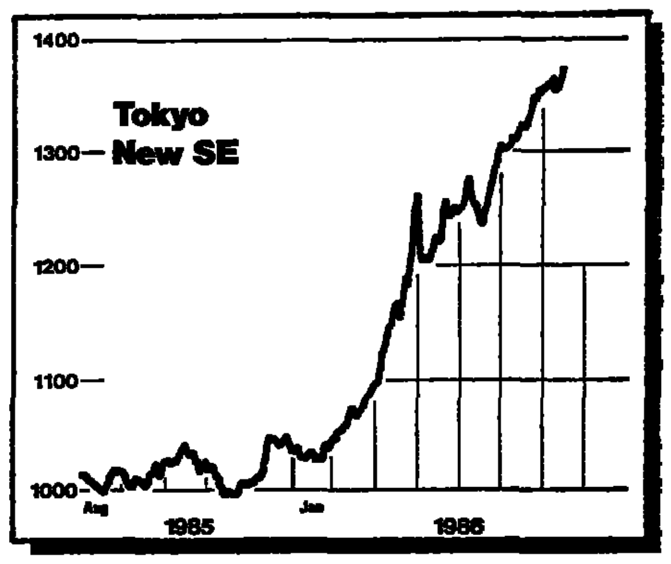
There is still considerable debate about how generous the reflation package will be. Some argue that *Mr Nakasone,* the Prime Minister, fortified by the strong mandate in last Sunday's election, will stick to his preference for relying on the private sector. Others say the result will strengthen the ruling party in its struggle with the bureaucrats over the direc*tion of the economy.*

Another investing strategy, which may reflect increasing nervousness about the future course of the market, is to concentrate on the few highly liquid or so-called "large capital" issues. An indication of the intensity of this action emerged on Thursday when the 10 most active stocks accounted for nearly two thirds of the entire volume of trading on the day.

The names on that list—Nippon Steel, Nippon Kokan, IHI and many other lacklustre companies, suggests to some analysts that investors have run out of ideas, and the market is at long last peaking; but few would risk making such a prediction openly.

There is some talk in the market about the *summer* being quiet, perhaps with something of a correction taking place. But most seem confident that shares will be bid up again in the autumn as institutions seek homes for their ever-burgeoning resources.

Ian Rodger



• FINANCE & THE FAMILY •

Trusting in Japan

JAPAN HAS taken over from Europe as the best performing sector for unit trusts according to Money Management. Over the last year Japan has provided a return of 67.4 per cent against Europe's 63.4 per cent. In the last six months the top 25 funds all come from the Japanese sector with the exception of Imperial Life's Laurentian Growth fund which invests in UK equities.

Best performer in the Japan sector was Legal and General's Far Eastern trust which has an offer to bid performance of 71.6 per cent since January, helped by the fact that it was launched only last September since when it has shown a growth rate of over 90 per cent.

In second place was Mercury's Japan Trust, launched in 1983, the leading fund over three years—£1,000 invested in July 1983 was worth £3,083 on July 1 this year.

While the average Japan sector fund is showing a growth rate of 42.2 per cent over the past six months, the average European sector fund is showing an increase of only 13.4 per cent. This is well behind all the UK equity sectors and below even the 15.2 per cent average performance for all trusts as measured by the Money Management Unitholder Index.

Australian and Commodity trusts are also doing badly. Target's Australian fund is now the worst performing fund over the last year showing a 41.8 per cent fall in value while no commodity trusts show any growth over the past two years and only two do so over a five-year period.

Boosted in part by the entry into the market of the life insurance companies with their large retail networks unit trust sales have increased sharply over the past three years. Over the past year alone the net intake has increased by 57 per cent to £26.50bn.

In May the unit trust industry managed for the first time to attract more funds than building societies, with a net intake of £504.2m against net receipts of £500m by the building societies. Figures for June are not yet available but given that the societies are understood to have attracted only some £170m the chances are that they were again outstripped by unit trusts.

Competition from unit trusts along with National Savings as well as from the medium to small societies has this week prompted some of the major building societies to increase their investment rates.

IN THE NEWS

MANY PARENTS still decide in favour of private education virtually overnight without having made any financial provision in advance to try and ease the burden of school fees that now average £4,500 a year for boy boarders and £2,000 plus for day boys (girls' fees are slightly less).

Schemes enabling parents to meet school fees on an educate-now-pay-later basis, using the house as security for the loan are now standard. But Guy Bateman, managing director of Connaught Swift, who was co-designer of the NatWest/Isis loan scheme, claims several refinements that make his scheme the most attractive.

Key features are:

- An interest rate of 11 per cent, which is claimed to be lower than any other similar arrangement. There is an option of one year's stabilised interest rate of 10 per cent. If interest rates fall there is no minimum rate. Other interest rates range from NEL Britannia's 11.5 per cent to Security Pacific's 13.75 per cent.
- A maximum fund of 2.5 times joint income up to 85 per cent of valuation of your house including first mortgage. Other schemes usually have 80 per cent of valuation minus first mortgage.
- Complete flexibility over the method of repayment—a with-profits or unit-linked endowment or a pension contract, including an AVC pension provision. Most other schemes confine themselves to an endowment arrangement for repayment.
- Flexible access to the funds *including* a chequebook facility.

Bateman has sought out institutions prepared to provide the finance at competitive terms with flexible repayment methods, coming up with merchant bankers Kleinwort Benson and two unnamed building societies.

Gold cards have lost a lot of their glitter recently. They are no longer such a status symbol, with so many banks climbing on the bandwagon and offering gold cards to a much wider range of people with incomes below the minimum £25,000 level set originally by American Express.

The Bank of Scotland asks for only an annual salary of £15,000 to qualify for its Premier Visa card. Coutts, the up-market subsidiary of the NatWest group, this week tried to restore some of the former glory. Its Gold Mastercard will only be available to its customers, who have an income of over £30,000 and net assets of £250,000.

The bank said it has been pondering for some time whether its exclusive clientele (it has 37,000 private customers and 8,000 corporate clients) really needed a Gold Card, but research had shown that it would be welcomed particularly by those customers who do a fair amount of travelling overseas.

So the benefits that go with the Coutts gold mastercard have been tailored very much with travelling in mind. There is £1m insurance for medical treatment overseas, £0.5m cover for third-party liability abroad and insurance against loss of luggage, money and possessions. Cash up to local currency equivalent of £350 may be drawn at Mastercard member branches throughout the world.

American Express cardholders in the UK can now draw cash and traveller's cheques at cash dispensers in Britain and abroad. There are nine cash dispensers in the UK — at Amex travel agent offices in London, Glasgow, Birmingham and Manchester and at Euston, Paddington and King's Cross stations in London — and 23 machines in major European cities.

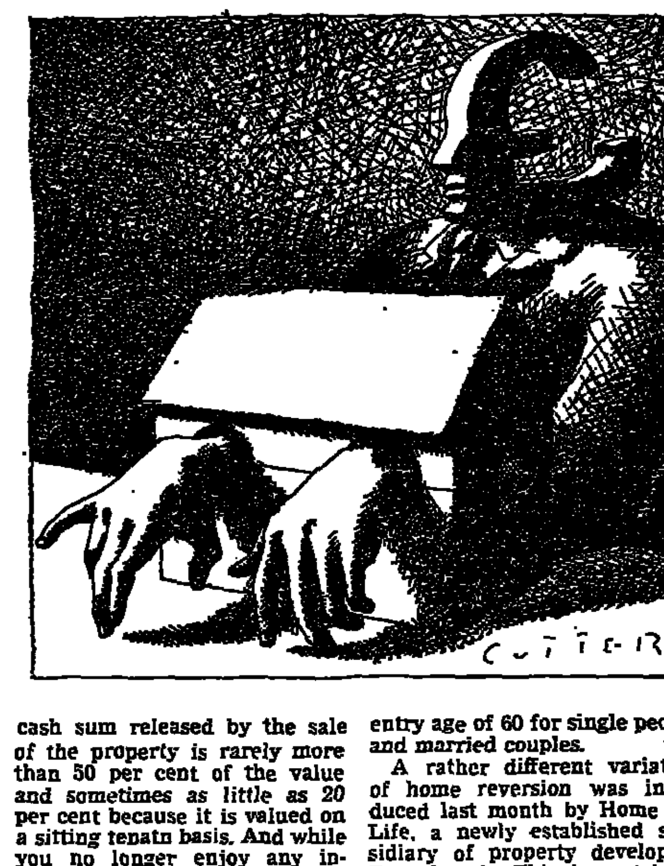
But the majority of the 7,000 network are still in the US, but Amex is a member of LINK, the UK cash dispenser network, which by the end of this year will have 800 machines in operation. By then 600 of Credit Lyonnais ATMs in France will also accept the Amex card. Green card members can draw up to £200 a week from any of the cash dispensers and Gold cardmembers £300.

As many car owners have discovered to their cost comprehensive insurance is often a misnomer. To try to plug the gap, a motorists' protection scheme, Driverplus, has just been launched by the Legal Protection group.

The Standard Cover policy aims to protect your no claims discount by recovering uninsured losses following an accident; enable you to pursue damages for personal injury; gives £25,000 of legal costs; and gives access to a legal advisory service, Lawcall.

Castles into cash

Margaret Hughes looks at a problem facing older people



AS A follow-up to an earlier article highlighting new schemes available for unlocking capital from homes by re-mortgaging we now look at ways in which retired people can use the equity in their homes to provide additional income.

A growing proportion of elderly owner occupiers are "house rich but cash poor"—short of ready money for essential maintenance and repairs to their homes, let alone having enough to enjoy a comfortable retirement. It is a dilemma which will inevitably grow as life expectancy increases.

The ability for retired people to convert some of the equity tied up in their home into income can therefore be attractive, though, to date it has not been widely used. This is partly because some of the institutions which offer the facility, such as building societies, do not actively market the schemes but see them more as a social obligation and also because the schemes are limited at present primarily to the 70 and over age group.

There are basically two main ways in which the elderly can release some of the equity from their houses—through a home income plan or a home reversion scheme.

Home income plans are based on the principle of raising a mortgage of up to £30,000, which is then used to buy a life annuity. The interest on the mortgage is paid from the income produced by the annuity and is often deducted at source.

Mortgage tax relief on the interest payments is allowed provided at least 90 per cent of the mortgage is used to buy the annuity. This means that up to 10 per cent can be taken out as cash with borrowers getting tax relief on the full amount. The mortgage capital is repaid either when the property is sold or on the death of the owner.

The first such scheme was introduced in 1972 by Hambro, now Allied Dunbar Provident, but these schemes really got off the ground after a change in taxation in 1980 which extended mortgage interest rate relief to non taxpayers.

The Allied Dunbar Home Income Plan is a fixed interest scheme where the mortgage and annuity rates are set at a known level. The mortgage rate has been held at the same level since its inception of 8.25 per cent (APR 8.5 per cent) but the annuity rates are also correspondingly lower. A similar fixed rate scheme is offered by Home Reversions. Other institutions offering fixed rate schemes are the Abbey National Building Society in conjunction with Royal Life.

whose starting rates change more frequently in line with movements in mortgage rates, and Allchurches Life Assurance.

At current interest rates with the Abbey National/Royal Life scheme a man aged 70 who is a basic rate taxpayer taking out a £30,000 mortgage on his house to purchase an annuity will receive a net income of £1,666.89 a year after repaying mortgage interest and standard rate tax. With the Allied Dunbar scheme the net income would be £1,602.00 and with Home Reversions £1,661.00.

The major advantage of fixed rate schemes is that you continue to receive the same income from your annuity regardless of what happens to mortgage interest rates. At times of falling interest rates this may seem too attractive. However if mortgage rates start to rise again your income would be diminished if you are in a variable interest rate scheme. Building societies offering variable rate schemes are the Halifax, National and Provincial, Cheshunt, Kent Reliance, and the Newcastle. Whittington Life and Pensions also operate a variable scheme.

Most of the schemes stipulate a minimum age of 70 for single participants and a combined age of 150 for couples each of whom must also be at least 70. Kent Reliance, and Whittington Life and Pensions set a minimum age of 65 and Home Reversions 69 for single people and 145 for couples. The greater the age, and therefore the smaller the life expectancy, the larger the annuity.

The maximum mortgage is usually £30,000 linked to the size eligible for tax relief on interest. The percentage of the value of the property which will be advanced also varies.

It is also important to check to see what happens if you move house after taking out the annuity and before rushing to take out a home income plan two other major factors should be borne in mind. Anyone receiving supplementary and/or housing benefits (rate rebates) would lose some or all of them as a result of the additional income which they would receive from a scheme.

Specialists in this field are Hinton and Wild (Insurance) which offers free advice and publishes an explanatory booklet. It does not, for example, recommend variable rate schemes because if interest rates change your income could drop. . . It similarly advises against schemes which involve selling property. These include home reversion schemes where you sell your property for a per centage of its value and forfeit the right to future appreciation.

schemes, however, is that they release cash, sometimes in the form of a one-off lump sum. The occupant remains in the home rent free for a nominal sum which the company may not bother to collect. But the cash sum released by the sale of the property is rarely more than 50 per cent of the value and sometimes as little as 20 per cent because it is valued on a sitting tenatn basis. And while you no longer enjoy any increase in the value of property you continue to be responsible for repairs and maintenance.

Home Reversions, as its name implies, offers such a scheme which provides annuity income instead of a lump sum but does allow you to maintain a stake in your property. Investment Property Reversions offers a lump sum but will arrange annuities on request, Residential Home Reversion offers lump sum only, as does J. G. Inskip, but will pay it by instalments.

The newest entrant in this field is Stalwart Assurance. Its scheme provides income only, but is index-linked to the value of all properties in the scheme which are valued every two years. This at least gives you some share in the increase in property values if not directly in your own, though there is a ceiling of 15 per cent on the annual rise in income. The other advantage of this scheme is that there is a much lower entry age of 60 for single people and married couples.

A rather different variation of home reversion was introduced last month by Home for Life, a newly established subsidiary of property developers Rousehaugh. This is restricted to sheltered housing and to those which satisfy the House Builders Federation criteria.

This scheme is aimed at those who would not otherwise be able to afford sheltered housing and is likely to be of most interest to the 31 per cent of the retired population who either have no heirs or whose children are adequately provided for.

It enables those who are 60 or over to buy a life interest in a sheltered home on payment of only a percentage of the builder's costs, which will vary with life expectancy.

An updated fact sheet, Raising an Income from your Home, is available free from Age Concern, Bernard Sunley House, 60 Pitcairn Road, Mitcham, Surrey CR4 3LL.

A booklet, Extra Income for Life for Elderly Home Owners, is available free from Hinton & Wild Insurance, Freepost, Surbiton, Surrey KT6 7BR.

Faith, Zen and USM

Alice Rawsthorn reports on the breakfast TV man

EVER SINCE his conversion to Zen philosophy 10 years ago Bruce Gyngell, the managing director of the breakfast television station TV-am, has been a man of faith. Faith, for Mr Gyngell, extends even to his company's flotation on the Unlisted Securities Market.

"In Zen you can will a great many things to happen," he said. "And in as much as you can will a flotation to succeed, I believe that our's will."

TV-am will need every last soupçon of Bruce Gyngell's faith; the publication of its prospectus last Tuesday coincided with the largest ever fall — in points — for the London Stock Exchange in a single day.

Yet TV-am, or so the leisure sector analysts seem to believe, will probably emerge unscathed. Its offer for sale follows a series of successful new issues, including that of its fellow independent television contractor, Thames Television, whose flotation was over-subscribed almost 26 times.

Thames came to the stock market after weeks of hard selling, both on screen, through commercials which encouraged its viewers to buy shares in the company, and off screen in round after round of presentations to the institutions. The hard sell paid off; the closure of the application list was marked by queues of "stags" massing outside the issuing bank; and the issue, which asked investors for £33m, attracted £872.8m.

When dealings began Thames shares soared to an immediate premium, ending the first day's trading 40p higher than the issuing price, at 230p. But the stags—and would-be stags—have been selling steadily ever since; Thames shares now hover at around 220p.

The flotation of Morgan Grenfell, the banking and securities group, suffered much the same fate. Morgan Grenfell opted to float through an offer for tender, where the company stipulates a minimum share price and would-be investors offer whatever they think the shares are worth above that minimum.

Offers for tender are effective in deterring stags; nonetheless Morgan Grenfell's offer was over-subscribed 3.5 times, and the group opted for a striking price of 500p—75p above the original minimum. Before dealings began in Morgan Grenfell's shares the unofficial, or "grey," market quoted prices of 515p and 520p.

Bruce Gyngell

But official dealings began at the end of the week in which Dixons failed to takeover Woolworth, fuelling suspicion that the takeover boom, which had buoyed up merchant banking profits for so long, had come to an end. Morgan Grenfell's shares ended their first day's trading at 485p, at a 15p discount to the striking price.

Like Thames, Morgan Grenfell's shares have yet to recover. They fell as low at 455p at one point, and now hover at between 460p and 470p.

Meanwhile Borland, the Californian software house which came to the USM in painful knowledge that the flotation of its compatriot, the cookie company, Mrs Fields, had failed spectacularly only a few weeks before, staged a successful offer for sale. Its shares, which began trading on the same day as Thames, surfaced with a healthy premium of 13p at 138p. They have risen since, to just below 150p.

The offers for sale of Windsmoor, the women's wear manufacturer, and Tibbet & Britten, the specialist clothing distributor, have been similarly successful. Both were comfortably over-subscribed.

Yet M6 Cash & Carry, the wholesaler, fell foul of the bearish mood of the market last week. The M6 offer was keenly priced and issued relatively few shares, but the company itself was uninspiring and failed to shine in a lacklustre market. When the offer closed on Wednesday, 71 per cent of M6's shares were left with the underwriters.

Whether the current crop of new issues—TV-am, which has already opened its application list, and the fund manager GT Management, which is expected to do so next week—meet the same fate remains to be seen.

TV-am can at least cling to the hope that its issue may benefit from all the brouhaha surrounding that of Thames. The station hopes that its flotation will attract all the institutional and individual investors who were frustrated in their attempts to buy Thames shares and who may turn to TV-am as an alternative.

But Eurotunnel, the Anglo-French group which plans to build the £2.4bn Channel rail tunnel, is less phlegmatic. The Eurotunnel board met last week and decided to postpone the second phase of its fund raising programme—which would have generated £200m—until the autumn.

One of the factors behind the decision was the mood of the market. By the autumn, Eurotunnel hopes, the market will be more amenable and the current flow of new issues will have come to an end.

Martin Winn looks at property and the small investor

Bigger bricks to play with

FANCY YOURSELF as a property tycoon? Bricks and mortar, in the shape of sprawling hypermarkets, gleaming City office blocks and other commercial buildings, have an irresistible appeal for many private investors—particularly those worried about the future course of the stock market. Yet for all except the wealthiest punter, there are few ways of buying a stake in some real estate.

Recent proposals on unitising costly buildings could, if implemented, dramatically open up the commercial property market to small investors. A group led by Mercantile House, surveyors Jones Lang Wootton and the Prudential, is examining ways of converting individual properties into authorised unit trusts and selling them off in £1,000 segments to both individuals and institutions.

But apart from the problem of creating a liquid market in the units (and valuing them), the move also requires a change in unit trust law—unlikely before the end of 1987. Meanwhile a rival—and perhaps simpler to activate—plan from County Bank and estate agents Richard Ellis is aimed more at the big players.

Small time property investors, then, are still restricted to the specialist funds run by insurance companies. Their attraction is a spread of sometimes more than 1[illegible]0 buildings around the country. Unfortunately, however, their performance in recent years has been far from alluring.

After being sold hard and fast on the back of the property boom in the early seventies, recession in the early 1980s soon brought these funds back down to earth with a bump.

The supply of tenants, especially for industrial buildings, dried up at a time of massive over-supply of new developments. It was found that many office blocks that sprung up in the heady days of the 1960s would only retain their value if expensively upgraded.

With rental yields unappetising compared with high real interest rates and the rising stockmarket, the flow of money into property turned into a trickle—and down went the

PROPERTY FUNDS: THE WINNERS

Five years	%	One year	%
Regency Property	+114	Cornhill Property A/B	+48
Liberty Life Property	+111	Continental Life Prop.	+41
Royal Heritage Br. Prop.	+75	Colonial Mutual Property	+39
Providence Capitol Prop.	+70	Regency Property	+33
Manulife Property	+69	Royal Heritage Br. Prop.	+28

Figures to June 1. Offer to bid. Source: Money Management.

agricultural and provincial office properties held by many of the more established funds were worst hit. Others pulled through by concentrating on shops, buoyed up by the consumer spending boom, and City offices, where demand has been boosted in advance of the Big Bang.

In the past two years rents have been rising strongly in many areas. But this has been absorbed by improving yields rather than higher prices. A recent study by four leading chartered surveyors showed that office values have slipped 0.3 per cent since 1984, industrials 4.2 per cent, and farmland — traumatised by rows over the EEC's Common Agricultural Policy — is down 3.0 per cent.

The result is a dismal return from property funds of just 37 per cent over the past five years and only around 4 per cent during the past 12 months. Not surprisingly unitholders in their droves have moved to greener pastures. Many property funds have shrunk by more than a quarter in the past two years as investors used the cheap switching facilities provided by insurance bonds to shift cash into fast-moving

The largest, Abbey Life's, has dropped from about £575m to below £400m, according to Money Management figures.

Most funds have been forced to sell holdings, frequently at depressed prices, and build up large cash reserves to meet the flood of redemptions. Allied Dunbar's £270m fund, for instance, is about 15 per cent liquid. Some have pushed their unit prices well down in the DTI's permitted scale and one — the Prudential's unit-linked arm Vanbrugh Life — provoked an uproad three years ago by moving to a bid basis and slicing 12 per cent off the unit price overnight.

What are the prospects for property now? Fund managers agree that the picture is looking rosier than it has for five years, though few are betting on a significant upturn in investors' fortunes just yet.

They take heart from the acceleration in rental growth—up 9.6 per cent over the past year, the biggest increase since 1980, according to Hillier Parker—and the steady rise in rental yields at a time of falling interest rates.

"There are no dramatic trends but the wind is blowing in the right direction," says Roy Milton, property chief at Abbey Life.

"The yield gap is at its most favourable to property for many years." Steve Mson at Allied Dunbar agress. "High yields have stopped the rot and sentiment is improving."

Any major about turn in property's fortunes, however, depends on investors losing heart with the stockmarket. "It's a question of psychology," says Mr Milton. "Property has had a rough ride for a long time while equities have been booming, so interest is slow to pick up again. When people have been battered in a skirmish is takes time for them to recover."

Life offices point out that property funds are not designed to produce sudden capital gains, just slow, steady and above all inflation-proof growth. But investors who believe that property's time is returning must take care when picking a fund. Many of those with less than £10m of assets are invested in property shares, not actual buildings. This has served them well lately—top performer over the year to June, Cornhill Property, for instance, has had big stakes in high flying property traders such as Rosehaugh and Mountleigh. But they could come more unstuck than direct property investments in a bear stockmarket.

Other tiddler funds have perhaps just one or two properties, so their performance is likely to fluctuate more wildly than well established funds such as Abbey Life's, which has almost 200 holdings.

Finallqy, don't forget the fast expanding group of residential property funds, which have benefitted from the recent frenzied market in Central London flats and houses.

Hampton's index for posh West End properties shot up 23.6 per cent in 1985 and the firm expects another rise of 22-23 per cent this year. Henderson has the biggest residential property fund—up an impressive 47 per cent over the last three years—but has been joined recently by Schroder Life and Target Life. Criterion Assurance, Cannon Assurance and others are expected to follow suit shortly.

Expansion issues Alice Rawsthorne on new Business

More than skin deep

BUSINESS EXPANSION scheme issues once restricted their launches to the end of the taxation year. But as the scheme has developed and investor interest has intesified issues have surfaced earlier and earlier in the taxation year. A series of business expansion funds have already been introdueced and direct lines are now following suit.

Eseterlac Beauty, which proposes to market skin care products in the UK, plans to raise £400,000 in a placing through the business expansion scheme.

Once it is established, the company will import and market the Jean D'Estrées and Lierac skin care ranges, distributing them through a network of beauty salons and retailers across the country.

The issue will place 1m ordinary shares in Esterlac at 40p a share. The placing began on Tuesday and will close between July 29 and August 8. It has been sponsored by the licensed securities dealers, Afcor Investments, a subsidiary of the Munro Corporation.

Meanwhile, Unilube Holdings, which manufactures and markets an oil filter for commercial vehicles, is asking investors for £200,000 through an offer for subscription under the business expansion scheme and plans to raise £150,000 in a placing of shares.

Unilube's oil filter is a patented product which extends the intervals between changing engine and hydraulic oil by up to five times. The filter is already sold to the commercial vehicle market and the company is eager to develop the product in order to diversify into construction, mining, marine and diesel cars.

Of the capital raised through the scheme £290,000 will be ploughed back into the company, the remainder will be used to finance the expenses of the issue. About £150,000 will be used as the cash settlement for the cancellation of a distribution agreement earlier this year, £50,000 to redeem preference shares in Unilube, and £50,000 to repay a short term loan.

For the offer for subscription and the placing Unilube will issue 1.16m new ordinary shares at 30p a share. The issue is sponsored by the licensed securities dealers, Bolton House Securities, and has been underwritten by Chartwell Securities.

- For the preplexed investor who feels daunted by the prospect of wading through an endless stream of business expansion scheme prospectuses, a new guide has been introduced to offer advice on the merits and demerits of all the schemes and funds in issue.

BESt Fund has been launched this month by its joint editors, Roger Carroll, personal finance editor of the Sunday Telegraph, and John Spiers, head of venture capital investment at the stockbrokers, W. Greenwell, with the express intention "to assist private investors and their advisers in distinguishing between good BES value and bad."

Intially BESt Fund will be published monthly, but the editors may opt for more frequent publication in particularly active periods for the scheme such as the end of the taxation year.

The guide will list every scheme and fund available, analysing each prospectus and offering advice to investors. BESt Fund will also monitor the progress of companies financed by the scheme and will document legislative and political developments which may affect the scheme.

Margaret Hughes on good news from the building societies

Investor's market

GOOD NEWS for building society investors. Forced by the low inflow of funds last month which at £177m was the lowest for nearly two years, and the loss of market share to the medium and small societies, the major building societies are putting up their rates.

The Woolwich Equitable led the way adding 0.2 of a percentage point on its 90 days notice Capital Account which was already paying slightly more than the Halifax, Abbey National, Leeds Permanent and Nationwide. The Woolwich raised its return to 8.0 per cent net of basic rate tax, CAR 8.16. It has now been followed by the Halifax, Abbey National and Leeds Permanent which are paying the same on their comparable accounts.

But these rates can still be bettered by the National and Provincial and Gateway which pay 8.75 per cent net, CAR while a smaller society, Eastbourne Sovereign Shares, has just returned to 8.25 per cent net provided the balance in the account is £20,000 or more.

Meanwhile the Alliance and Leicester has gone on the attack with its instant access account lifting the rates on the two top tiers of its Gold Plus account by a quarter of a percentage point so that it now pays 7.75 per cent net on balances of between £2,999 and £9,999 and 8.0 per cent net on balances of £10,000 and over. At these rates only the National and Provincial offers the same return amongst the top eight societies.

But though building societies have been forced to raise their investment rates mortgage borrowers should have no worries. The intense competition from other lenders combined with societies access to wholesale funding will ensure that mortgage rates are kept down. In the past three weeks alone building societies have raised £680m on the Euro-markets.

As this month's Blay's Mortgage Guide points out it is the lenders which derive their funds from the wholesale market which are able to offer the most competitive rates. Many of these institutions are charging mortgage rates of under 11 per cent which is the rate which most societies are now lending at. These include Mortgage Corporation which is the cheapest at 10.25 per cent; National Mutual Home Loan at 10.625 per cent and Algemene Bank Nederland, Citibank Savings and Security Pacific at 10.75 per cent.

For those prepared to take a gamble on interest rates either staying at the same levels or rising several institutions are now offering fixe drate mortgages. These include Citibank whose Knightsbridge mortgage is fixed at 10.25 per cent, and Eagle Star at 10 per cent. The Skipton Building Society also offers a fixed rate for one year of 9.9 per cent to first time buyers. Lloyds Bank, which was the first to introduce a fixed rate in April has now withdrawn its scheme having reached the £200m lending target which it set.

Know your pension

Eric Short reports on new regulations that help employees

TEN MILLION employees will rely on their employer for the bulk of their income in retirement through the medium of an occupational pension scheme.

Yet how many of those employees really understand their pension scheme—the level of benefits it will provide for them, its financial soundness and, above all, what would happen should the scheme be wound up?

Until now, the amount and style of information provided to employees on their pension rights and expectations has depended entirely on the goodwill of the employer some of whom are good at giving information, if only to ensure that employees appreciate what is being done for them.

Other employers feel that providing information is not worth the cost and in any event would not receive a positive enough response from the employees.

Now the position changes. From November 1 employers will be obliged to provide basic information on their schemes to employees as routine, while employees and their trade union representatives will be entitled to receive much more information on request.

These rights are embodies in Regulations* to the 1985 Social Security Act and represent the culmination of years of discussion by various governments on the subject of disclosure. For once, the Government has listened to the pensions industry and seems to have got the balance about right—not too little information and not too much.

Employees need to be told when they start a new job about the level of benefits provided by the scheme. A 25-year-old may not appreciate being told what pension he will receive at 65, but he will certainly be concerned as to what pension contributions are deducted from salary (and what his employer is paying) and he ought to be interested in what his wife and young family would receive should be have a losing argument with a bus in the near future.

But when that employee eventually reaches retirement, he will be very interested in the amount of his pension and how much he can convert into tax free cash.

Should he or she be so unfortunate as to die before retirement, then the spouse and any other beneficiaries should be informed as soon as possible as to the amount of benefit payable. All this information will have to be provided, as of right, by the trustees to the pension scheme.

The normal working employee, however, is only entitled to be told what his accrued and prospective benefits are likely to be if he specifically asks for this information. And he is only entitled to ask once a year.

Restricting benefit statements to once a year will rule out frivolous enquiries. But most trustees will find it administratively convenient to discharge this obligation by issuing all employees with benefit statements annually, even if most of the statements end up in the waste bins.

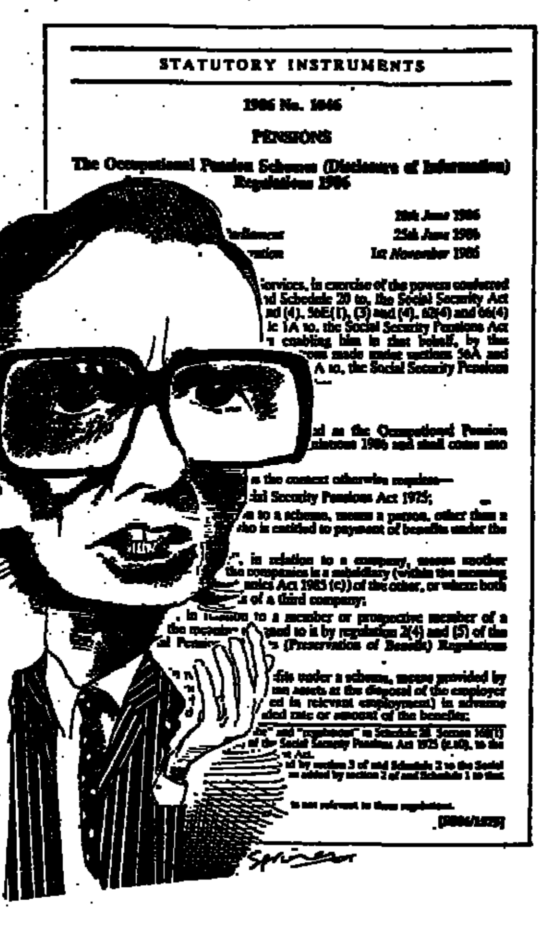
In all the discussions on disclosure, Labour and Conservative governments laid great emphasis on giving all employees full details of the financial state of the funds. But the relevance of providing such information for pension schemes with benefits based on final salary has never been adequately considered, nor has the ability of employees to understand complex and obscure documentation.

Under final salary schemes, the benefit is laid down in terms of an employee's salary at or near retirement. The investment performance will only affect that benefit in so much as a poor performance could jeopardise the ability of the scheme to meet its commitments in the event of a company's financial weakness.

The Government has listened to the arguments of the pensions industry. The rule is that trustee annual reports, including the accounts, investment report and actuary's report are available to be inspected "at a reasonable place free of charge." Employees can also ask for a copy of the report at "a reasonable charge." This right does not apply to public service employees whose pension scheme is guaranteed by the Government.

If an employee is considering changing jobs then be can ask for an estimate of the amount of the transfer value of his accrued deferred pension.

The regulations set out the form in which financial information is provided. As far as employees are concerned the most relevant information is the actuary's statement on the ability of the pension scheme to meet its liabilities in both the short and the long term and what is being done to cover any shortfall.



Finally, if the pension scheme is about to be wound up employees must be informed about their benefits, and advice must be given as to where information can be obtained after the winding-up.

Events over the years with schemes being wound up after a takeover or merger have shown that employees are often left completely in the dark for many months about what is happening.

This move will not solve the problem of the poor level of benefits paid by most schemes on wind-up. But it will give employees an early warning of the situation and will give them time to organise and bargain for better benefits.

The regulations in many cases do not lay down how the information is to be presented. Wisely it is left to trustees and employees to discuss the best means of providing information.

Next week, an article will review what should be contained in a benefit statement, with a discussion of an actual benefit statement from a major pension fund.

* The Occupational Pension Schemes (Disclosure of Information) Regulations 1986 SI 1986/1046. SO price £2.90.

BRIEFCASE

Hooked by the oilmen

We are by deed of covenant, obliged to take our supplies of oil from a gravity feed system fed from a central tank. Although we are able to switch to other sources of fuel (eg coal, electricity, calor gas—the village has no towns gas), as far as oil is concerned we are captive customers.

For the past few years we have monitored the prices we pay when compared with the levels paid by customers with their own tanks. Between 1983-86, we have paid an average premium of 7p. We accept the supplier has to recover the cost of the system (now over 15 years old), administration (invoices, meter reading) and interest on capital tied up in oil storage. Their delivery costs however (one tank feeds about 40 houses) are considerably reduced.

Our supplier, ever anxious to promote its public image has 240 such schemes in the UK, to this must be added schemes owned by other suppliers. So far our supplier has been unmoved by appeals for fairer treatment. What sort of premium do you feel is fair (if any), and what courses of redress do you feel we should now pursue.

Without the full details of the covenants in question we cannot advise you fully. However if the covenants are valid and binding on you it would not matter whether or not the price is fair. It may be, therefore, that your best course is to resort to publicity for the adverse consequences of entering into a scheme such as you describe, if the supplier will not temper its prices to the market.

Lost tax relief

I have been working in Saudi Arabia since March 1984. In June 1985 I bought a new house with a £52,000 mortgage from a building society on which I paid interest gross £5,146 up to April 1986.

I have now heard from the central unit at Bootle that even though my wife and family live in the house permanently, I am not allowed any tax relief for the last year. and as the building society is not operating the split MIRAS until 1987 I can not claim any tax relief for this year. Is this correct?

If I return to the UK and take up employment this year will I be able to claim the full year's tax relief or only for the period after I started work and pay UK tax?

It is rather a pity that you decided not to seek advice on the tax aspects from the solicitor who acted for you in the purchase (and in the mortgage). Quite a number of our readers seem to find that trying to keep their solicitors' fees to the bare minimum, when buying or selling a house, eventually proves to have been false economy when the taxman takes an interest in the transactions. All good solicitors who undertake domestic conveyancing are ready to advise on the tax aspects, as an integral part of the conveyancing service.

You have not given us enough precise data for a really helpful answer — because the rules are more intricate and arbitrary than you probably realise — but you will find general guidance in two free booklets, which are obtainable from your tax inspector's office:

IR11 (1985) — Tax treatment of interest paid.

IR20 (1983) — Residents and non-residents: liability to tax in the UK.

If there are any points in these booklets which you cannot understand, please come back to us. At least they will enable you to see what additional details we should need, in order to help you, e.g. whether the house (and mortgage) is in your name solely and whether (if the house is owned jointly, as joint tenants or as tenants in common) your wife pays part of the interest.

Teenagers and credit

The bank with whom my 17 year old daughter has an account asked her what overdraft facilities she required. After her asking for £100 they replied, when realising her age, that the granting of credit to a minor was "illegal." She was led to believe this opinion, per se, was not correct so she sought the bank's specific authority (ie Act) for its decision. The bank replied "under current legislation it is an offence for a person under the age of 18 years to obtain credit."

I understand that a minor can be sued for payment of "essentials" (but not non-essentials) and it is perhaps the possible difficulty of recovering the debt by having to prove it was incurred for essentials that makes the bank unwilling to give credit—but are they correct in their opinion that it is an "offence" for a minor to be given credit?

We think that the bank may have had in mind the provisions of the Consumer Credit Act 1974. A distinction must be drawn between a contract to supply essentials—as to which your view is correct—and a contract to lend money ie the supply of credit. There are restrictions on the latter in the case of a minor.

Doctors' errors

Can legal action for damages be brought against a hospital consultant or health authority if a patient suffers significant permanent damage to his health as a direct result of diagnostic error, and if so, with what prospect of success?

Three years ago, a leading consultant told me in a private consultation that he thought I might have a serious medical condition. Because of his imminent retirement, he was unable to investigate the matter personally. His successor at the hospital who inherited my case rejected the prognosis given and reported in writing to my general practitioner that he could find nothing wrong with me. Time has revealed that the opinion of his predecessor was in fact correct. Is there anything I can do?

Yes, if the error is one whi[ch] was made negligently and th[e] casual connection can [be] clearly established: both th[e] consultant and the heal[th] authority would be liable. Th[e] prospects of success depe[nd] entirely on the strength of th[e] expert evidence which you ca[n] muster—in the case you de[scribe] that evidence would [be] directed principally to th[e] reasonableness or otherwise [of] rejecting the first prognos[is]. You should consult a solicito[r].

A sham transaction

I am a 76-year-old widower, a[nd] have a married daughter and an unmarried son, both in thei[r] forties.

My unencumbered house is worth £200,000.

My income is adequate but my liquid position not marvellous.

To reduce my estate and incidentally Inheritance Tax, I contemplate creating a mortgage on my house for £100,000 bearing interest at ½ per cent per annum, in favour of my tw[o] children and giving it to them.

Two accountants I have consulted say that this would not be accepted by the "Revenue."

Please what is your opinion?

The basic flaw in your schem[e] is that you will have reserve[d] a benefit to yourself if you co[n]tinue to reside in the hous[e]. Indeed if the donees do n[ot] reside there it could even [be] argued that the whole tra[ns]action is a sham (and especial[ly] so if you forwent the interest).

Plea for a flat rate

I own a flat in a block and part of the block is a separate garage which I also own. The[re] is a separate deed for each of the properties.

If I should sell the garage, would the profit I make be subject to Capital Gains tax or would the garage be considered part of my sole residence and therefore free of tax.

It is likely that the land up[on] which the garage stands will [be] regarded by your tax inspect[or] as falling within section 101 (...) (b) of the Capital Gains T[ax] Act 1979, namely as land whi[ch] you have for your own occup[a]tion and enjoyment with th[e] flat, as its grounds. That bei[ng] so, there would be no CGT [to] pay (assuming that the flat h[as] always been your main re[si]dence).

If need be, the solicitor wh[o] acts for you in the sale of th[e] garage will be able to help y[ou] on the incidental tax aspects.

No legal responsibility can b[e] accepted by the Financial Times fo[r] the answers given in these columns. All inquiries will be answered b[y] post as soon as possible.

Cutting the cost

John Edwards looks at an easy guide to bank charges

A LOT OF publicity has been given to the so-called "free" banking offered to retail customers with a credit balance. Now Lloyds Bank has turned its attention to the many small businesses with bank accounts who are far from certain exactly how much they are paying.

The innovation on this occasion is not cheaper charges—in fact there is a slight increase—but the introduction of a published standard tariff, which will enable the customer to calculate in advance how much will be due and plan ways of reducing the cost. Small businesses, as defined by Lloyds, include partnerships, clubs, associations, sole trader and other unincorporated groups as well as limited companies, so a lot of people are affected.

Lloyds claims to be the first bank to publish such a tariff, available immediately to new accounts but not to be applied to the bank's 250,0000 existing business customers affected until September, so that adequate notice of the change can be given.

Under the new tariff, 50p is charged for all entries apart from direct debits and cashpoint, which are only 20p. The charges will be assessed monthly, instead of quarterly, on the basis that in business most bills have to be settled on a monthly basis. There is a £1 monthly standing charge.

But the bank offers a notional interest rate of 3 per cent a month on the average cleared credit balance held, which is applied only towards the reduction or cancellation of charges. So if you maintain a large balance you may well avoid paying any charges.

Since the charges made are standard it will be possible to calculate just how much you are likely to be liable for and the amount of money needed to covevr the cost or available for transfer to earn real interest elsewhere. For this purpose Lloyds has introduced a business call account, an interest bearing account with instant access.

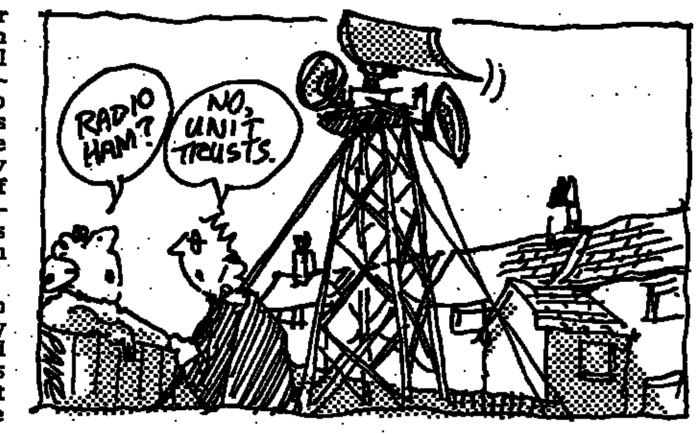
Free in-credit banking is being offered for the first year to participants of the Enterprise Allowance and National Youth Enterprise schemes.

Meanwhile the latest guide to retail bank charges, issued by the Save and Prosper group, shows that there remains a considerable difference in charges made by different banks. Although they all offer free banking if you maintain a credit balance, if you go into the red even briefly you are liable to pay between 36p (the Co-operative Bank) and 20p (Lloyds) for each cheque drawn.

The guide advises anyone with more than £500 in combination of bank and building society accounts, should consider opening a high interest bank account.

Below this level a high interest account could cost you more than a High Street bank account. But if you visit the bank only to withdraw cash then a high interest account might also be a better alternative.

NOWADAYS, with well over 900 unit trusts—many of them specialising in an individual country or investment sector—it is almost as difficult to choose the right unit trust as it is to choose the right share to buy. Nor can one necessarily rely upon the track record of a unit trust management company to ensure that all its trusts will do well: specialisation brings its own problems.



Investor's Tale

How choosers can be losers

For example, according to this month's issue of Money Management, if someone had invested £1,000 in Britannia's Energy Trust five yars ago, that investment would now have shrunk to only £533. However, other Britannia funds have done reasonably well. In January 1984, I put £500 in Britannia's International Leisure Market Fund and this investment is now worth about £815. Over the past few years, Britannia has had a number of management changes and one wonders to what extent these have affected the performances of some of their trusts.

The same might also apply to the Gartmore group. While unit trusts specialising in gold have not fared very well, anyone who made an investment of £1,000 in Gartmore's Gold Fund one year ago would now have an investment worth only about £581, while a similar investment in Target's Gold Fund would "only" have shrunk to about £760.

Even when a unit trust is among the best in its particular sector, it can still produce a poor performance compared to non-unit trust equity investments. In 1985, I bought units in Gartmore's Hong Kong Trust. The trust's report for the year ending February 15 1985 revealed that in 1984 it was the "third best performing trust in the UK unit trust market, and the best performing Hong Kong trust by a substantial margin."

The report also stated: "Over the period under review the price of your units rose by 31.2 per cent while the Hang Seng Index rose by 67.9 per cent in sterling terms." The February 1986, report revealed that the price of units for the previous 12 months had fallen by 11.21 per cent while the Hang Seng Index had only fallen by 1.74 per cent in sterling terms. If I had invested in every share making up the Hang Seng Index, I would, therefore, have done far better than investing in Gartmore's Hong Kong Trust. But to have done this would have involved considerable expense.

Alternatively, I could have carefully researched the Hong Kong Stock Market and invested in a company such as Amoy Canning, which at one time in 1985 was HK$6.70 but is now around $19.50, or Lai Sun (up from HK$9 to about $24). These are both companies in which Gartmore's Hong Kong Trust did not invest.

Unit trusts can still produce excellent profits for investors. For example, Laurentian Growth turned £1,000 into £2,037 in one year; Mercury Japan turned £1,000 into £2,939 in three years; and Barrington European turned £1,000 into £4,958 in five years. Unfortunately, I did not have investments in those trusts.

As with direct investments in ordinary shares, a private investor should regularly check the performance of his/her unit trusts and be prepared to switch between different funds. What may well be an excellent unit trust one year may not be so another; and what may be a good investment sector one year may be a poor sector the next.

Unit trusts have an additional attraction that is often overlooked: the lists of investments in each fund which unit trusts provide to their investors. From these lists one can find out which share unit trusts have bought and sold. This can be quite useful as a rough guide to City institutions' views on particular companies.

In April 1985, I bought shares in Grand Metropolitan for 292p each, just on the feeling that they seemed right for a takeover and then "break up"—especially as a number of foreign companie seemed keen to expand their brewery interests.

I noticed in the Britannia International Leisure Market Fund's 1985 report (issued in February 1986) that they had acquired 90,826 Grand Met shares in that year but had then sold 40,000 of them. It seemed to me that the fund managers were playing safe and taking some profits while still retaining a sizeable interest in Grand Met. I therefore did the same and sold some of my Grand Met shares in April this year for 410p each.

Unit trusts can, therefore, act as a very useful "research tool" for one's own individual equity investments. They also provide an easy way of acquiring an interest in a wide range of companies, and investments in countries where private investors can find it time-consuming and costly to invest as individuals.

Kevin Goldstein-Jackson

Clive Wolman casts a careful eye at new funds

An antidote to hype

TWO NEW types of fund to be launched this week illustrate how investment trusts, long regarded by private investors as both boring and complicated, can be put to good use.

One fund, the JF Pacific Warrant Company, a closed-end investment company managed by Jardine Fleming, a Hong Kong subsidiary of Robert Fleming merchant bank, has two alternative uses.

It offers a way of investing in the rapidly growing Japanese warrant market and can also be used as a successor to the offshore roll-up funds to convert heavily taxed interest income into untaxed capital gains.

In the initial share offering, for which applications have to be submitted by next Thursday (July 17), investors will be allocated units of one preference share and one ordinary share. The two types of share can thereafter be bought and sold separately on the London stock market even though the company itself is registered in Luxembourg and the shares are denominated in dollars.

The preference shares will be redeemed in nine years at a price of $98 for every $100 of initial investment. Once the units are split and trading starts in the preference shares, their price is expected to be fixed at around $50. The discount to the redemption price reflects the interest that will accrue to the shareholders over the next nine years through the fund's investment in US bonds. The price will rise gradually as the redemption date approaches.

Thus a preference share investor will receive his interest income in the form of appreciation in his share price. The fund is structured so as to avoid the 1984 legislation which cracked down on offshore roll-up funds. As a result the share price appreciation will be taxed, if at all, as capital gains, not income.

The fund is dollar-denominated and invested in dollar securities. So you will be taking a risk on the dollar-sterling exchange rate, even though in the longer term exchange rate fluctuations tend to cancel themselves out after allowing for differences in inflation. Buy and hold on to the preference shares only if you are optimistic about the dollar or if you expect to have to pay some of your bills in dollars in the future.

Unless the Inland Revenue intervenes in next year's Finance Bill, the structure used by JF Pacific Warrants will doubtless be imitated by other fund managers investing in sterling securities.

The performance of the ordinary shares will depend on the fortunes of the Japanese—and to a much smaller extent the Hong Kong—stock market. The number of Japanese companies with warrants in issue has risen rapidly to more than 250.

Warrants are more volatile, but also more tax efficient, than ordinary shares. So if you only want to buy and hold on to the ordinary shares, and not the low risk preference shares, make sure that you don't expose yourself too much to the risks. As a rough guide, you should invest in the ordinary shares of the fund only one third of the amount you would normally be prepared to invest in a Japanese or Far Eastern unit trust.

The other investment trust to be launched this week, the River and Mercantile International Index Trust, will appeal to those who have become increasingly sceptical about the investment performance claims of unit trust managers.

Their highly selective graphs, which show how much £1,000 invested in one of their funds would have grown over the past five years, always look impressive. But as world stock markets have been booming since 1981, most individual investors would have made more money by investing directly in a randomly selected portfolio of shares—and avoiding the steep unit trust charges. For overseas unit trusts, these typically amount to a 5 per cent entry fee and an annual charge of more than 1 per cent.

The River and Mercantile fund is explicitly designed as antidote to the sales hype of most fund managers. Its managers will not be trying to select the winning shares, industrial sectors or countries. Instead they will seek merely to match the average performance of world stock markets (excluding the UK), as measured by the Morgan Stanley Capital International World Index.

This will be achieved by investing in a broad representative sample of about 390 shares from 18 of the largest stock markets in the world. Just over 50 per cent of their money will be invested in the US and 27 per cent in Japan.

Because there are no active managers to be paid, charges are much lower than the average for investment trusts and unit trusts. If the fund reaches its target of raising £150m, the total charges will be only 0.2 per cent per year. By applying directly for shares in the initial offering you avoid paying any initial entry fee.

Thus for a £5,000 investment, instead of spending £250 entry fee, plus £50 a year in charges, you will pay only £10 a year.

Few international funds have been able to outperform the Capital International world index over the past five years. The River & Mercantile fund is conustructed to ensure that the investment returns will normally be within two percentage points of the index in any one year.

The main source of worry is that the share price of most investment trusts that have been launched in recent years has fallen within a few months to substantially below the net asset value of the fund. Such a possibility adds to the risks. It might therefore be safer to wait a few months and see if the shares can be bought up at a discount.

Home Security

Elaine Williams discovers that few householders take adequate precautions against burglary, and crime figures are climbing

Complacency adds to risk

EVERY 60 seconds or so *someone's home is burgled in* the UK. This type of crime has been steadily increasing and last year the 871,000 burglaries in the UK cost insurance companies more than £200m.

Since it is one of the most upsetting and distressing crimes, and one which the public fear most, it is surprising that few housholders consider it worth *while to* take adequate precautions. This is especially perplexing when the statistics *show* that *about 80 per cent of* home thefts are believed to be opportunistic — carried out in broad *daylight when* the *thief* sees an open window or an easy-to-pick lock.

But the sharp crime increase has begun to hit home, in more ways than one. The Government has stepped up its campaigns and Mrs Margaret Thatcher had her second meeting with the security industry to discuss home protection at the end of June.

It seems that a Briton's home is no longer a castle — more of *a free take-away with items* top of the picking list being television sets, home computers and video-recorders, for which there is a ready market. Every home is at risk, though flats and houses in inner city areas are especially vulnerable.

Detached houses in secluded grounds, houses or flats near the ends of streets or backing *on to alleyways, parks,* fields or waste ground are attractive targets because of ease of *access and a ready* escape route.

Yet a good set of locks and a burglar alarm could deter all but the most determined *thief*. In an independent survey carried out by Mark Research for Modern Alarms, *one of the* largest security companies in the UK, it was found that people considered *that a dog* was nearly as effective as an electronic alarm. Geese are even better if you have the space for them in the garden.

Even though 20,000 burglary cases were solved in 1984 as a direct result of alarms, only 5 per cent of homes are fitted with them while many homes are fitted with low quality *locks*.

But many people are worried by the thought of burglary and 9 per cent of the homeowners in the Modern Alarms survey would even consider moving house if burgled. Even so, only 43 per cent would renew locks after a burglary and only one in five would consider fitting an alarm.

Amid such complacency is the growing number of neighbourhood and home watch schemes, and more than 7,000 are already in operation. These schemes encourage greater community spirit by asking people to keep an eye on their neighbours' property and to *report* anything *suspicious* to the police. Special window stickers warn would-be thieves *that such a scheme is* in operation.

Some areas have crime pre*vention panels* where representatives of the local community meet the police regularly to discuss and devise new schemes.

There is great interest in the long-term success or failure of neighbourhood schemes, especi*ally among insurance* companies, which are looking at the possible effect on home contents policies.

In February a new company, Guardfast, was formed to market the Neighbourhood Watchers' Insurance Scheme, the first of its type to be associated with the movement. It can reduce household contents insurance premiums by half compared with quotes from the larger insurance companies.

One commercial company has even set up a scheme to provide a home-minding, or "home-sitting," service for holidaying families. Homesitters at Buckland, near Aylesbury, was set up five years ago. It now has 350 homesitters all over the UK.

A few areas in the UK have *victims' support schemes*, which give practical help to victims of personal attack while a national *body has been set up in London.*

Even if you have failed to keep the burglar out, you can increase your chances of retrieving your stolen property by marking it. Property marking can be done by etching, die-stamping or using a security marker pen which uses invisible ink and can only be read under an ultraviolet lamp.

Police recommend that the postcode be marked on the items along with the address of the house or flat.

Crime-prevention officers also recommend that a careful photographic record be kept of jewellery and other personal items not easily marked. Thousands of stolen items cannot be returned to their owners simply *because they cannot be* identified.

The same officers are quite happy to give specific advice on protecting individual homes —not necessarily just on fitting locks and alarms but how door-frames will stand up to violent attack, the merits of entry-phone systems for flats, and the fitting of external roller blinds.

Such blinds are popular on the Continent both as an attractive feature and a security measure. Insurance companies overseas often give discounts on external roller blinds because they are made of interlocking elements of aluminium or PVC and can be operated only from inside the house or flat. In the UK companies such as Continental Awnings, in Berkshire, supply these systems.

Break-in costs soaring

Insurance companies are taking a hard look at premiums as the claims *bill rises to more* than £200m a year

EVERY DAY insurance companies receive 1,000 theft claims against household contents policies. *Though most losses* from burglaries are valued at only £50, the amount paid out by insurance companies *has* doubled over the past five years to a total figure of more than £200m.

This has prompted insurance companies to take a hard look at house contents insurance especially as it is one of the *least profitable parts of their* business. Areas of the UK with the high crime rates have faced *steep increases in insurance premiums* and it is not uncommon for inner city householders to *have to pay up to £15 in every* £1,000 worth of house contents insured, compared with, say, *£3.50 in low-risk areas.*

Coupled with increases of 200 per cent for some premiums, insurance companies are also changing the nature of the policies they offer. The Prudential as the market leader in this sector with more than 3m homes and their contents *insured, has* made it obligatory for the householder to meet the first *£50 of any claim.*

Insurance companies are anxious to reduce the burden of *claims but* are treating with caution the idea of offering positive incentives such as dis*counts to prudent householders* who adopt better security measures or join in neighbour*hood schemes.*

The Prudential has stood firm against discounts. The company is likely to impose a 12.5 per cent excess on premiums to householders with little or no security. But it has begun an awareness campaign and is training its 9,000 agents to give sound advice on locks and alarms.

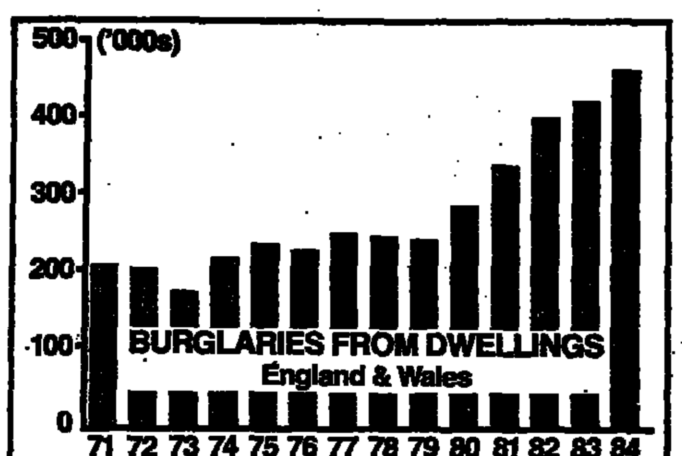
Guardian Royal Exchange does not offer discounts but along with its household policy *a client has the chance to buy* Ingersoll locks at 15 per cent off, which is probably worth *more than* a discounted policy.

Many insurance companies argue that a modest discount of 5 per cent off an average premium or £50 to £70 is not a strong incentive to take better security measures. Moreover, there is little or no profit available to pass back to the policy-holder, especially as theft risk is just part of the cover offered by house contents insurance. It may represent only one-third of the total policy.

*Companies that do offer dis*counts tend to impose strict rules to ensure that locks and *alarms are not only installed* but also used regularly, otherwise no claims can be made if a burglary has occurred. This puts a greater onus on the householder to take care of his property and limits his ability to recover losses.

In January this year Economic Insurance, along with insurance brokers Hill House Hamond, launched its Homecare Plus scheme which offers in certain areas, but not within inner cities, discounts of between 10 and 15 per cent to householders who satisfactorily *answer a detailed question*naire about their household security measures.

But the policy-holder must also undertake to lock all doors and windows *even if the house* is left empty for only a few minutes, otherwise the insurance claim is void if a burglary is committed.



Cornhill Insurance is another company which regards a discount as an incentive and has introduced a 5 per cent reduction to policy-holders in a limited number of UK areas. Again, the householder has to meet a certain condition and his home security measures must be *approved by the local* Crime Prevention Officer.

At least four other insurance *companies offer concession on* house contents policies to householders who have joined neighbourhood watch schemes. The policies are sold by brokers Strovers; Brownhill, Morris and West Endsleigh, while Royal Insurance offers a discount on its Homesfield Policy.

But insurance companies in *general* are *reluctant* to take a more active role to ensure that home-owners fit better security systems apart from offering advice. The Association of British Insurers, which represents the major insurance companies, has prepared crime prevention in*formation for the public and is* happy to answer questions.

Apathy and alarms

Deterrents range from £100 worth of locks to high-tech alarms. The problem lies in persuading people to fit them

ELECTRONIC gadgetry seems not to have deterred the burglar but it has had the effect of putting off the consumer. According to the British Security *Industry* Association, only 5 per cent of homes are equipped with any form of burglar alarm.

Modern Alarms, one of the leading suppliers in electronic security, found that UK home-owners were doubtful about the electronic alarms because they believed that such systems were too expensive and largely *ineffective*, even *though it* is posible to buy an alarm to suit even the most modest budget.

There are do-it-yourself systems which can be connected to doors and windows and cost only a few pounds, or one can buy professionally - installed alarms from £400 to over £1,000 and which cost £250 a year to maintain.

There are *infra-red* beams which trigger an alarm when the beam is broken; sensors *tuned to the frequency of* breaking glass; infra-red detectors to sense body heat; microwave and *ultrasound* detectors to pick up movement in a room; magnetic reed sensors, wired to doors and windows, which are triggered when doors are opened; and pressure mats put down near doors and windows to detect an intruder walking over the floor.

Sometimes these individual sensors can be set off by the wind or even animals.

Companies are trying to improve sensing technology. Chubb, for example has produced what it calls a dual-purpose movement device which combines ultrasound with infra-red so an alarm is triggered only if both parts of the sensor detects a change at the same time.

Polycell entered this market *with door alarms only* last year and intends to take a big share of the do-it-yourself market. *Antiference, one of the* country's leading curtain rail and aerial manufacturers, has *also taken a sideways step* into the home security business. It has launched a series of portable electronic alarms to protect specific items such as television sets and videotape recorders.

Another new company in this market is Becktronics, which was set up only last year with a novel alarm system triggered by low-power radio waves.

There are many new companies in the market as the industry has grown. Until recently there have been few controls on the quality of either systems sold or their installation. Sos as to remove this "cowboy" element in the industry, the more reputable companies have encouraged the setting up of the National Supervisory Council *for* Intruder Alarms (NSCIA).

This body has members which *include the well-known names in* the industry such as Chubb, Modern Alarms, AFA Minerva, Securicor Granley, Group 4 Banham and Honeywell Shield.

Any professional installers of such equipment tend to be members of the NSCIA which guarantees that installation conforms to British Standard BS4737.

MORE THAN 70 per cent of Britain's 20m homes have *little or no protection against* burglaries, yet an investment of about £100 in suitable door and window locks *could* provide a deterrent.

Part of the reason for the apparent apathy in home security equipment is the belief that specialist locksmiths provide an expensive service and that installing locks oneself is too difficult and complicated.

Recently a number of leading makers of home security products formed the Security Lock Association, based at Penfold House, Brent Street, London, to make householders more aware of the risk of break-ins and to *provide advice on the types of* home security devices available.

Many break-ins—an estimated 80 per cent—are carried out in broad daylight by opportunist thieves who can be deterred, and kept out, by effective locks. The average home has up to £5,000 worth of goods which can easily be carried out through the front door. The top items on the thief's hit list are television sets, video recorders, home computers, hi-fi equipment, cash, cheque books and credit cards, jewellery, silverware, cameras and antiques.

Yet no burglar likes the idea of trying to lug a television set *through a window when* it is easy to force a low-quality door lock—the types of lock which *tend to dominate the UK lock* market.

This is why makers of the more secure locks are anxious to promote their products and to *show* that *their designs* are neither difficult to install nor expensive when one considers how much is at stake.

Police say that the standard two-lever lock which builders often fit to back doors is insecure, while the *standard* night *latch can be opened with a key* in a few seconds.

Crime prevention officers advise installing a security deadlock instead. There are two basic types—a mortice deadlock which fits into the door and a Rim type deadlock which screws on to the door.

Lock manufacturers tend to be critical of the building industry, which often fits the cheapest types of lock to new houses. Lock-makers *point out* that the extra cost *of* fitting high-quality hardware is *minimal* when compared with the total building costs and is also a good selling point. Most building companies remain unmoved by such arguments, however.

A home is relatively easy to protect with products such as a Rim automatic deadlock on the front door, costing around £20, and a variety of locks on windows and *patio doors*. The British Association of Insurers recommends that *front-door locks should conform to* British Standard BS3621, which guarantees a certain *level of* security.

Window and patio locks come in a wide range to suit sash, wooden or metal types of different shapes and sizes and their location. For example, there are security bolts operated by a simple screw pin or key-operated cylinder types which have a deadlocking action. Others can be locked simply by pushing but *opened only* with a combination key.

Householders have the option *of going to a specialist* locksmith or buying from do-it-yourself shops. Companies like Ingersoll have resisted the temptation to sell through DIY retailers and keep their products firmly at the specialist end of the market, though their high-quality products are not too expensive.

This is a contrast to the DIY *market philosophy*, where competition for consumer business is intense. Last year Polycell *entered this market* for the first time with a $2.5m advertising campaign and a wide range of *hardware* and electronic products. Its emphasis has been on simple-to-fit window and door locks costing from £1.50 to £8.

Mr Martin Stockley, Polycell marketing director, claims that within only 10 months the company has become one of the top-selling concerns in home security products for the DIY market. Polycell's sales are *close to £2m because of* its energetic marketing

Antony Thorncroft predicts keen foreign bidding for a prized group of English marble figures

Save our sculpture

THE STAGE is set next week for the latest "save our heritage from foreign predators" story. At Christie's on Tuesday, the finest group of sculptures from an English country house to reach the market in years comes under the hammer.

For over two centuries, the marble figures have been in Wentworth Woodhouse in Yorkshire. But now, after the death of Olive, Countess Fitz-William, the family has abandoned the house and sold off the contents. The sculptures represent the last of the furnishings from a grand 18th century mansion.

One of the marble groups at least, depicting Samson smiting the Philistines, could attract keen foreign bidding, perhaps from the Getty Museum in Malibu which now collects sculpture. The eight-foot high monument was produced in 1749 in Florence by Vincenzo Foggini and is reckoned to be his masterpiece. It was commissioned for a place of honour at Wentworth Woodhouse.

What will cause a flutter in the dovecotes if the Foggini is knocked down to an overseas buyer is the fact that it is the first work of art displayed in "The Treasure Houses of Britain" exhibition last winter in Washington to come up at auction. There were vociferous critics of the exhibition, notably Mr Timothy Clifford of the National Gallery of Scotland, who complained that it was nothing more than a shop window for the British aristocracy to parade their goods before the Americans and to push up prices.

It was an exaggerated view. Most of the works of art in the exhibition came from National Trust properties, or were covered by Capital Transfer Tax provisions which make their subsequent sale all but impossible. But undoubtedly some owners were aware of the appreciation prospects from loaning treasures to Washington. And since it was known that the Foggini was likely to be sold anyway, it probably falls into this minority group.

Christie's has some difficulty in estimating its price. The sculpture market has been all over the place in recent months. For years, sculpture has been out of fashion, but now there is a growing awareness that it is the third great art form, alongside painting and architecture. It has obvious drawbacks from a marketing point of view—few potential collectors have houses large enough to show off the finest sculptures, so the most likely bidders at auction are museums who, in the UK at least, are starved of purchase grants.

The Foggini carries a wide £150,000-£250,000 estimate. It could go for much more. Already the heritage protectors, the National Heritage Fund and the National Art Collections Fund, are examining their coffers to see what they can afford. It is a pity that the FitzWilliam Trustees did not investigate a private treaty sale for the sculptures.

They have the extraordinary example of the Bernini bust of an Archbishop of Pisa before them which was valued at a sensational grossed up £7m, and enabled the heirs of the late Mr George Howard of Castle Howard, its owner, to enjoy this year a real tax saving of £3m. The Bernini is now in the National Gallery of Scotland.

The other major sculptures from Wentworth Woodhouse should be less attractive to foreign buyers, but are perhaps even more important to the national heritage. Chief among them are four marble statues of Venus, Diana, Minerva and Juno by the late 18th century artist Joseph Nollekens. Best known for his portrait busts and tombs (he is all over Westminster Abbey and St Paul's) Nollekens is only known to have completed seven statues—two are in Lincoln, the seventh is missing.

The Nollekens have assumed added interest following the credible suggestion of Dr Nicholas Penney of the Ashmolean in Oxford that Venus, Juno and Minerva formed a set of the Judgement of Paris. It can just about be agreed that they are on the point of slipping out of their clothes to facilitate the choice of Paris as to which is the most beautiful. Rather to Christie's embarrassment, there was also a Paris at Wentworth Woodhouse but since it has a genuine Roman head it was placed in Wednesday's antiquities sale. Anyone wishing to unite the quartet might have to pay £100,000 for the ladies, and £5,000 for Paris. The Diana seems to be an after-thought.

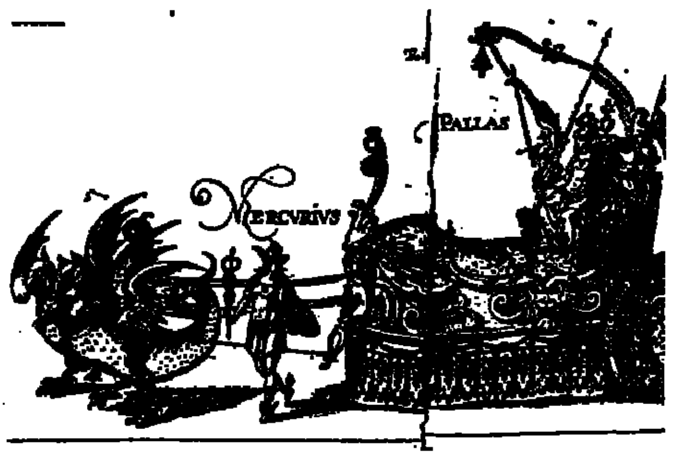
It would be perverse for a foreign buyer to go for the Nollekens, but there is real anxiety over the other star lot, a bust of Shakespeare by Rysbrack; Shakespeare knows no boundaries. The bust was commissioned around 1760 by James West, a distinguished bibliophile, and is being sold by a descendent, Captain James West, who wants the money to buy contemporary art, his passion. He should be around £200,000 richer.

Although far from being a contemporary, Rysbrack went to great lengths to be as accurate as possible in his portraiture, including the Shakespeare memorial bust in Holy Trinity Church, Stratford, and the 1632 engraving by Martin Droeshout, among his inspirations. The export of the bust would arouse a minor furore.

However, Rysbrack busts have a chequered career at auction. In April, a Rysbrack of Benjamin Franklin, which should have sparked off enthusiastic American bidding, failed to approach its low estimate of £150,000 at Christie's. But the Shakespeare is in better condition and has an excellent provenance.

Because there is such a small market for Old Master sculptures at the top level, Tuesday's sale could go either way. They are obviously too grand, too artistic to be put out into the garden to join the current fad for garden furnishings (although that would have been their fate in the inter-war years). But until a keen band of private collectors emerges, prices will depend on the precarious budgets of museums and heritage bodies. It should be a fascinating auction.

Vincenzo Foggini's "Samson slaying two Philistines," to be sold at Christie's on July 15



Detail from the "Honeymoon-Book" of the Prince-Elector Frederick and Elizabeth, daughter of Charles I.

The battle of the books

IN AN age of mass culture it is difficult to believe that books could be the object of a war. This is one of the conclusions that visitors will draw from an unusual exhibition of illuminated manuscripts, rare printed books, fine bindings and other bibliophile paraphernalia, which opened this week in the gothic galleries of the Holy Ghost church in Heidelberg, South Germany.

This impressive church was once closely connected with the court of the Electors of the Palatinate, who resided high up above the town in the now ruined and "romantic" castle, ruling over a small territory between the middle Rhine and the Neckar river. The electors added intellectual sparkle to their capital by founding a university. Reason therefore to celebrate its sixth centenary this year. The crowning event is the "return"—if only as a segment on loan from the Vatican—of the once famous Bibliotheca Palatina to its former home.

One of the last to have witnessed it there, in 1608, was that tireless English traveller Thomas Coryate. The library must have looked fairly similar to the "Chained Library" of Hereford Cathedral or the library of Merton College, Oxford, only still grander and richer in content.

From the first days of Heidelberg universiy, generations of electors, rich scholars and private citizens had piled on it large bequests and endowments; the university was given funds for regular acquisitions—a very unusual privilege at that time.

"Here are so many ancient manuscripts, especially of the Greek and Latin Fathers of the Church, as no librarie of all Christendome, no not the Vatican of Rome nor Cardinal Bessarions of Venice can compare with it," wrote Thomas Coryate.

The exhibition reflects these riches. The Lorsch Gospel Book came from the court of Charlemagne, and contains superbly majestic representations of the evangelists enthroned. One of its ivory covers found its way to London and is in the Victoria and Albert Museum. An example of the antiquarian outlook of the art of the tenth century court of Byzantium is the "Josua-Roll"—in form and narrative succession of biblical scenes most probably a direct copy of an early Christian parchment roll.

The fifth century Lorsch Vergil counts among the "soundest" text documents of the works of the Augustan poet; but more beautiful is a Vergil edition which was painted and ornamented at the Palatine court in the 15th century. The Book of Falcons, written by the extraordinary emperor Frederick II of Suabia, gives an insight into mediaeval nature observation based on experience rather than magic.

Facsimile editions of some of these manuscripts are on shelves alongside the originals, so that visitors can actually browse through those—aesthetically extremely satisfying volumes. A recreated mediaeval script-workshop will further demonstrate the intricate art of painting and drawing on parchment; and recent research into mediaeval methods of producing colour dyes will be presented.

A library of such renown, rivalling even the riches of the Vatican, could not but attract the attention of the popes at a time when humanist studies were as much at home at the Roman curia as at the princely courts. Already in the late 16th century the Vatican had procurred a catalogue of the Greek manuscripts kept in the Heidelberg library. It finally became a matter of politics, even of war, when the electors and their university embraced the Protestant and, even more inflammatory the Calvinist cause, in the mid-16th century.

Split Christianity manifested itself in a battle of minds before it deteriorated into a battle of swords: books, pamphlets, broadsheets and similar media became weapons. The Palatine library had become an impressive archive of "reformist" writings and to lay hands on th intelligence would have giv the Church an opportunity answer its critics more effe tively.

But the Vatican library itse magnificently rebuilt by Po Sixtus V in 1589, had begun see itself as an instrument of t counter-reformation. A libra of equal proportions could n be allowed to fall into the han of the enemies of the Churc Pope Gregory XV sent a co missioner who confiscated t library and carted it off Rome.

There is fascinating history unravel for English visitors the exhibition. Frederick V w married to Elizabeth Stua daughter of Charles I. The we ding was celebrated with bar que splendours in 1613 a recorded with many illustr tions in the so-called "Hone moon-Book," of which a c oured edition is on show. It is vivid description of the coupl progress from London Heidelberg, and the festiviti held in both places.

Princess Elizabeth's own bo of prayer entered the libra There is even a manuscript co of the accounts of the Engli treasury, brought to Heidelbe as a model of bookkeeping court.

The exhibition runs from July to November 2 and is open eve day. A fully illustrated ca logue is available.

Gunter Kow

John Brennan reports on how homeowners can get away from the 9-5 routine

Live over the shop

IF YOU happened to have a spare £312,000,000,000 to invest you could start quite a decent sized business of your own.

That is no random figure. It is the uncharged *equity in British* houses and flats, the comfortable gap between £108bn of home loans and the estimated £420bn value of the country's privately owned housing stock. Their own, small proportion of *that three hundred* and twelve thousand million pounds provides an escape route from a nine to five routine for an increasing number of homeow*ners.*

"A colossal number of people sit at home on a Sunday afternoon and have a day dream of walking into the boss's room and *saying*, 'stuff you, I'm off to run my own business'." Mr John Howard, managing director of Christie & Co, makes the point because he has at least 20,000 of those would-be corporate rebels on his books at any one time. They call because they want to start a business, but need to sell their homes to raise the cash. So they turn to the specialists to find a business they can live in.

Christie & Co *handle the sale* of pubs and hotels, restaurants and village shops, rest and nursing homes, as well as newsagents and tobacconists across the United Kingdom. But you may never have heard of them, *because their name doesn't* appear on "For Sale" boards.

Christie isn't shy, it is merely that, as Mr Howard says, "We never put 'For Sale' boards up on a trading business. You wouldn't walk into a pub with a '*For Sale' sign over* the *door.* You might happily *know* that the pub is for sale because the landlord has told you, but if there was a sign over the door *the turnover would just disappear.*"

Turnover is the key to these smaller, live-in businesses. As long as the trade keeps up a buyer can hope to make a living. The profit line is, according to Mr Howard, pretty well what you want to make of it. "We have had people walk into a loss-making business and go into the black from day one, the difference is in how much is charged up against the business, how much time and effort the new owners are willing to put into it, and the owners' trading skills.

"You get a publican who arrives in the bar without his *teeth in, unshaven,* and in his braces who then complains bitterly about the business ... It's not too hard in that case for someone new to make a go of it."

Toothless publicans apart, there are any number of reasons for selling. Once running their own business owners tend to trade up at regular intervals, families and partnerships break-up, people retire, or die in harness.

As for the buyers, "We do get those who *ring up and say* 'Hallo Mr Christie, I want to buy a business, it doesn't matter what, and it doesn't matter where, and price is no object'." *But those callers rarely stay the* course. "We sell to the person who wants a home and income and to the businessman who wants to put a manager in the *unit,*" says Mr Howard.

Most of Christie's clients—and the firm's figures are a good guide as it is market leader with "five figure sales" of these specialist business properties each year—are able to put up between 30 and 40 per cent of the cost of a working home.

Even buyers with no commercial track-record can borrow the balance of the purchase price at keener rates than most established businesses. That is *because the underlying* property values generally represents around 70 per cent of the cost of a live-in business.

The banks, and from next year (when their *new* powers enable them to take a more relaxed view of loans that are not exclusively residential) the *building* societies, are therefore able to *charge loans directly against* the security of a borrower's home. That cuts the lender's *risk,* and the cost of the loan. In fact, it is quite common to negotiate business purchase loans for this kind of property for one or one and a half per cent *above* the London Inter Bank Rate (LIBOR).

Restaurants are at the high risk end of the live-in trade. Competition and fickle fashions *make for a constant turnover of* enthusiastic newcomers and a steady exit of failed restaurateurs.

Becoming "mine host" of the *local pub is a safer bet.* The licence provides some protection against local competition *for* the 30,000 or so privately owned freehouses. That applies *to private hotels* with a bar trade, and the 10,000 or so of those in private hands tend to sell at a premium to pubs because the owner accommodation *is* often better, and the work can be less hectic than pub management.

Christie's figures suggest that the average price for an inn or freehouse in London and the Home Counties is just under £200,000. That compares to an average £108,000 in East Anglia, £105,000 in Scotland, £98,000 in Wales and £92,000 in the North West. Averages don't work as well for hotels, but you could, for example, buy the six bedroom Angel Hotel in Wiltshire for £198,000 and acquire both a family home and a business with a *£100,000 a year* turnover in the process.

There is no formal licence to protect a newsagent's local market, but wholesalers provide a fair measure of protection for buyers of established businesses because they are reluctant to supply interlopers trying to set up an agents' shop in an *already* well served area. There are at least 25,000 of those businesses in the UK, and another 40,000 to 50,000 local stores and corner shops with *varying degrees of wholesaler* support.

Newsagents shops don't tend to be particularly attractive as homes, but the prices reflect that. *One on Christie's books* in Watford City, takes £94,000 a year net, has three bedroom accommodation, and is on offer for £72,000 freehold.

Sub-post offices appeal because a well located one can offer plenty of scope for retail sales alongside the steady stamp, Giro and pension trade. *There is also the security of a* Post Office salary. It may be no more than a few hundred pounds a year for the smaller sub-branches, but it can be into *the thousands for one* in a busy town with significant mail and *National* Savings *sales. There* are 22,000 independently owned post offices across Britain, and most of them are run by families who live over the shop.

Playing Mrs Goggins of Postman Pat fame would set you back just £67,000 for a freehold, three-bedroom, half-timbered house and shop in a (necessarily unnamed) Suffolk village. Apart from any income from shop sales, the Post Office salary there is £6,200 a year. In a Cambridge village a large, four-bedroom *family house with garden* is on offer for the price of an average suburban house in London. The freehold price of £87,000 buys the home, plus a shop *taking £2,500 a week and a* regular £7,500 a year Post Office salary.

As live-in businesses it is hard to beat the mix of salary and *shop income from a Post Office.* But the stock of offices is fairly constant. The big growth area in recent years has been in the provision of rest and nursing homes. *There are around 85,000* beds for the elderly in private homes at the moment, and Government figures based on the number of older people in need *of full time care suggest that at* least 130,000 private sector beds will be needed by the early 1990s.

That projected growth not *only creates a new area for* family businesses (employing professional nursing staff to run the care side of the home), it also defines the future role for *many larger suburban houses* across the country.

Chipping Norton's 14th to 16th century manor has its own art gallery in the high street and a separate, modern, and distinctly less appealing bungalow in the grounds let to US Airforce personnel from nearby Upper Heyford air base. Hampton & Sons Oxfordshire office (099 382 2058) are asking £325,000 for the whole mini-estate, or £225,000 for the seven bedroom manor and 1½ acre garden (hidden costs a £1.87 annual fee to the Dean of Gloucester and £1.40 to the local vicar for use of former church lands) and £100,000 for the three bedroom bungalow —let at £120 a month—and the gallery with a £6,000 a year rental potential.

Move out and cash in

Why New Yorkers are looking north from Grand Central: John Brennan reports

COMMUTER belts are being *loosened around London as* prices push buyers farther away from the capital. New York's commuters have the additional travel incentive of being able to *change their tax bill by selecting* a home in the country.

Connecticut doesn't have state income taxes, that's why New York's high earning com*muters take the train north from* Grand Central Station after a hard day in their Mid-Town office. Beyond the state border, the shorter the trip, the more *expensive the homes.* Just 45 minutes out of the city and the real high flyers leave the train, heading for $500,000 plus houses in Greenwich, or taking the 20 minute drive from the station to North Stamford, a drive that cuts a third off the price of equivalent sized homes. Dienne Carnegie of the real estate brokerage Douglas Elliman (203.869.7800) handles sales in the area and *talks of* Greenwich as "the ultimate in suburban living; it's the 5th Avenue of the suburbs." As she explains, the tax system in the US makes a *$500,000 plus house de rigeur for* a New Yorker or overseas executive earning $100,000 a year or more. "With incomes and bonuses it would be quite *normal for someone like that to* have a $400,000 mortgage. That wouldn't be out of the ordinary, it would just be tax efficent."

New Yorkers who want to stay *in the city are being tempted* by discounting of condominium apartments prices because of overbuilding. But as Dienne Carnegie reports, costs of flats in the ciy's big, older cooperative blocks have powered up in recent years. "Average prices per room were $10,600 in 1977, up to $41,600 in 1980, and are $124,300 now." Even if you can afford it, and the couple of *thousand dollars* a room a year maintenance costs an older co-op apartment will entail, you may not be allowed to buy.

Getting accepted by a block's *selection boards can be tricky.* These committees of existing owners vet prospective buyers and can make life frustrating for New York's selling agents. "*You finally match an apart*ment to a buyer and then the buyer turns up for the selection test in the wrong clothes, or says the wrong thing, gets turned *down, and you're back to square* one."

• PROPERTY •

Arthur Smith on the West Midlands property boom

The bright side of Brum

THE WEST Midlands might be branded as the industrial heartland ravaged by recession—but it is enjoying a housing sales boom unprecedented in the experience of many estate agents. The prices are not on the London scale: for £250,000 you could expect to buy a period manor house with stables and perhaps 10 acres of land.

But prices have started to take off, particularly at the top of the market, for the £120,000-plus character properties. Houses are sold almost before they are advertised. In a sellers' market buyers are increasingly gripped by that mood of panic not seen since the boom of the early 1970s.

It is no longer a question of crude gazumping. In a more sophisticated market, agents merely call for "offers over." They know the base price is deceptively low and they will only have to stand back and wait for the bids to flow in before calling for "final offers."

The mood of the market is perhaps best illustrated by a detached nine-bedroomed Georgian house offered by agents in the top Birmingham suburb of Edgbaston. The agent advertised the almost derelict property, set in half-acre grounds, at £80,000, knowing that as much again needed to be spent on renovation to give a final value of £160,000. It realised £137,000. The new owner clearly puts the value of the house at nearer £250,000.

The recent sales boom is common to all sectors, from starter homes through to country estates, fuelled by the national factors of rising real incomes and falling interest rates. Agents report an average price rise of around 10 per cent across the region for the first six months of this year. But such statistics mask the wide discrepancies.

In greatest demand has been the "one off" house in the traditionally fashionable parts of Birmingham—Edgbaston, Harborne, Moseley and Solihull. The villages to the south, either side of the A34, stretching down through the undulating countryside to Henley-in-Arden and Stratford-Upon-Avon and Warwick, were never out of favour in the difficult years. They now command an even greater premium.

Mr William Willson, colourful chairman of the Birmingham and Midshires Building Society, understandably espouses the virtues of home ownership and urges buyers to go for a house that will be readily marketable. He has one of the largest privately-owned collections of snakes at "Lapworth House."

"A Lapworth address will give a premium of perhaps £30,000 over Solihull. What better than your house actually carries the village name," he says.

Leafy Lapworth, Lowsonford, Tanworth and other such villages, within 12 miles or so commuting distance of Birmingham, are popular among top directors. Charles Phillips, with 34 years' experience and senior partner of the agency that carries his name in the High Street of the market town of Henley, is philosophic about the present upturn.

"Good houses always sell well. We have seen it all before." Traditionally he favours auctions but confesses he has had less experience of such sales in recent months: "Nine times out of ten the property has gone before the due date."

He can go through the list of properties advertised a few days ago in the local newspaper—half of them already sold. Due for auction on Monday July 28 is "Gunyah," a delightfully situated country residence on an elevated region near Henley, complete with swimming pool and three acres. Guide price is £200,000, but Phillips thinks it unlikely it will reach auction.

But why has the Midlands market taken off with such gusto in recent months? Mr Peter Veitch of Shipways, one of the fast-growing agents, points to the "pent-up demand." After the three very bad years of 1980 to 1983 there had been a gradual upturn to the beginning of this year.

"The West Midlands has suffered worse than the rest of the country and the recession seems to have gone on and on" but since January properties in the £100,000 to £175,000 range had been selling within a week of advertising. He detected a new confidence in the area with companies for the first time moving new personnel up to Birmingham.

The boom in the property market is certainly not a function of the business confidence surveys undertaken by the Confederation of British Industry and the Birmingham Chamber of Commerce, which indicate a fairly muted upturn, but from a very low base.

The role of Edgbaston as the prime market could be crucial. Agents report a change in fashion away from the modern to the traditional—a mood that is reflected in the country districts where concern about high fuel costs, maintenance and rates has given way to a desire to own a character property.

Edgbaston, home for many of the Birmingham industrialists and merchants that pioneered the industrial revolution, is now heavily influenced by the Calthorpe Trust that controls development over some 15,000 acres. It ensures the Georgian and Victorian mansions are used to best advantage to maintain the character of the area.

Properties come on to the market but rarely, with the result that any upturn in demand pushes prices up several notches. Prices are likely to be influenced at the margin and it might only be some 20 potential purchasers, with the ready cash, that are forcing up prices.

Edgbaston, close to Birmingham University and the Queen Elizabeth teaching hospital, could be benefiting from changes in recruitment in the university and medical sectors.

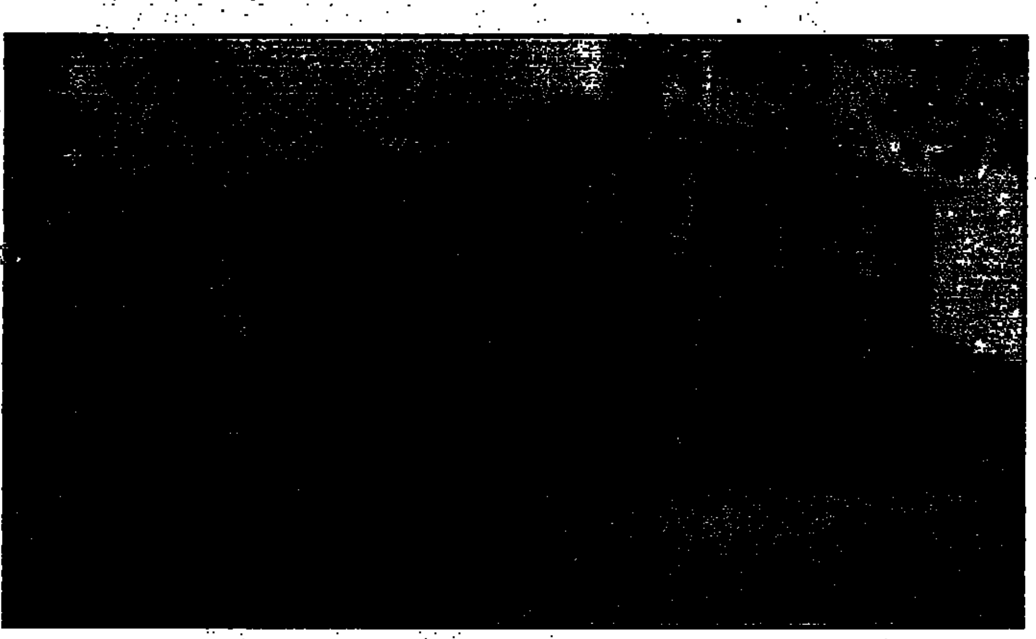
The upsurge in prices has spilled southwards to Moseley, a more cosmopolitan area, but favoured by doctors and academics. Further south is Solihull, with its modern shopping centre—a popular venue for the young executives.

In the words of one senior civil servant: "My wife thought I was boring until she met the people of Solihull." He recommended Solihull, with its library and cultural facilities, "provided you have a social circle that will take you beyond its cloying confines."

Such a civil servant argues that for the price—around £100,000 for a four-bedroomed, two bath house—you could expect in London to enjoy the environment of university teachers, sociologists and professional people.

The West Midlands might already have enjoyed the best of the boom. Agents report that the first six months of the year tend to see most growth. Prices are likely to have peaked in advance of the August holidays.

There is considerable doubt about whether the price gains will maintain their impetus. The catching-up process might have ended and the West Midlands might have to wait for a new simulus for home owners to take advantage of the capital appreciation that has accrued to their homes.



Ten miles from Newtown on the A470 Llanidloes road you come to the drive of Berthddu House. A stone built, 8 bedroom house standing in 49 acres of grounds, it is now for sale through Woosnam & Tyler (0982 553248) and Knight Frank & Rutley (0432 273087) for around £300,000. Shooting rights over additional acres can be bought seperately, there are trout in the brook, salmon and trout in the Severn nearbye, and the David Davies hunt two miles down the road. Caersws railway station is five miles away, Birmingham is 92 main road miles east, Cardiff is a rather more tortuous 98 miles to the south.

Living for design

WORKING from home needs proper consideration. Making do with a corner of the living-room, or a bit of the kitchen table is not satisfactory if what you really need is space for a drawing board, pottery kiln or dark room. Even a shed in the back garden is unlikely to have the necessary amenities of light and heat unless it is custom-built.

Artists, architects, potters and photographers are among a whole host of design-inclined property seekers not fully catered for.

"Developers are only just recognising that these people have special requirements not covered by normal office or industrial accommodation," points out Mr Laurie Gilmore of Boston Gilmore.

At their Sloane Street, SW1 offices, a separate department has been opened to deal with this fast growing market, which is a far cry from what are euphemistically called "studio" apartments, often minuscule one-room places with hardly space to swing a cat.

One idea is to start from scratch, as mural painter Lincoln Seligman has at his Ravenscourt Park, Fulham home. Architect Piers Gough, of Campbell, Zogolovitch, Wilkinson and Gough has just designed him a striking studio at the end of the lawn. From the outside it looks as if the roof has been peeled back to the corners to expose the large area of glass beneath. It cost about £30,000.

Another way to get what you want is to combine with others of the same ilk to buy a derelict building and convert. Burlington Lodge Studios, Fulham, a 20,000 sq ft former women's prison, later a bottle factory, was bought nearly 10 years ago by a dozen designers for £100,000.

Three of the largest studio apartments have just sold for around £280,000 each. One of them belonged to art publisher Andrew Jones, who admits that getting the original planning permission was a problem, "a real puzzle for the authorities."

The term "studio" is not recognised by the Town and Country Planning (Use Classes) Order 1972, although the situation could change if the proposed relaxation of controls for people working from home gets on the statute book.

"Planners are constantly trying to specify what actually constitutes a design studio," agrees Mr Adam Bressloff, of Marsh and Parsons, Norland Square, W11. "It is a very grey area, with only a thin line between office and industrial use."

He too reports an increasingly unsatisfied demand for specially designed premises, whether conversions or custom-built, that can be bought rather than rented. With Boston Gilmore he is currently offering Brackenbury Studios, Hammersmith, where units developed by architects Lynn Davis range from £84,000 up to £245,000 for a really trendy studio with a roof pagoda and terrace. All are available for residential as well as commercial use.

June Field

Overseas Property

Rentals

London Property

Rentals

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Christine Burton explores the canals of England and France

Life on the waterfront

THE FELLOW had got his priorities right. As he caught sight of the tea cup disappearing into the murky waters of the Grand Union Canal, he shouted to the culprit: "Was it full?" Teamwork is all important when you're on a narrow boat and it isn't done to have one member of the team undoing the good work of another by tipping the communal brew into the canal.

Slip ups aside, being a member of a crew is fun and not inherently competitive, in contrast with so many sports. The tasks involved in the slow progression through the countryside can best be tackled if everyone assumes responsibility for certain chores. Some, like tea making, cooking and washing up are not nautical at all. But steering, pumping out bilges, taking on fresh water and, above all, coping with locks are enjoyable when everyone takes a turn.

Crew members are needed on both sides of the lock. The paddles have to be opened (or closed) by turning a handle on a ratchet with a windlass. Then the gates must be opened (or closed). This can take some doing—I returned with a bruise at the base of my spine from pushing the gate backwards with my bottom.

Lock afficionados can head for the Kennet and Avon canal where at Caen Hill Flight, near Devizes, 29 locks raise the water level 237 feet in just over two miles. Lazier sailors will prefer the 40-mile lock-free stretch from Wigan to Runcorn on the Bridgewater Canal.

The canal network extends all over Britain and provides a leisurely way of getting away from it all by going not very far, not very fast. Starting from Berkhamsted in Hertfordshire, as I did, you could travel about 80 miles in a week (taking in the Grand Union and Oxford Canals and the Thames), at an average of three miles an hour. The real enthusiasts start moving as soon as it is light, keep going until dusk and go to sleep about 9 pm.

Of immense help in planning a canal holiday is the Nicholson/Ordnance Survey Guide to the Waterways. Journeys, shopping and stopping places can be plotted from it, together with information on interesting places en route, and canalside pubs and restaurants.

Of course, half the fun comes in not sticking to a preordained plan and letting weather and nature dictate. Wildlife takes little notice of a slowly moving craft—I saw crows buzzing a heron off their patch, and Brent geese sitting on the towpath took no notice of us at all.

The British are probably especially mentally attuned to taking holidays on waterways in driving rain. Even so, it is worth reiterating that waterproofs, wellies and rubber gloves (for hauling on wet ropes, not to mention washing up) are essential.

Bridgewater Boats (Castle Wharf, Berkhamsted, Herts, Tel 04427 3615) has a fleet of boats, each named after a T. S. Eliot cat. All boats are equipped with central heating radiators (good for drying things), a fridge, a cooker (with oven), a shower, and a loo (with fresh water, some requiring more of a knack to flush than others). Bedlinen can be hired and shopping delivered to the boat on the day of departure.

A week's hire of a six-berth boat in August costs from £470-£590; at present there is a 10 per cent reduction on bookings from August 30 to October 25. The joy of narrow boats can be sampled for £25 for one day; if the hirer subsequently books a week's holiday the £25 will be refunded.

Those with more sybaritic leanings (and a deeper pocket) might find the call of a hotel barge on the French canals particularly alluring. Abercrombie & Kent's barge, the "Fleur de Lys," takes parties on a stretch of the Burgundy Canal, the "Sancerre" cruises in the Loire, "L'Abercrombie" in lower Burgundy and the Saône, and the "Virginia Anne" in the Midi.

The "Fleur de Lys" is the queen of the fleet. Converted into a hotel barge this season, it is superbly fitted out. There is a heated swimming pool on deck surrounded by troughs of roses, hydrangeas and fuschias. Inside, the walls are panelled in ash; in estate agents' terminology, the boat, at 17 feet wide, is "deceptively spacious." Decor and fabrics are exquisite; there is lots of pot pourri, fresh flowers and plants, books, prints, a baby grand, comfortable sofas . . . together with a friendly and attentive crew of five.

Passengers need never lift a finger, unless it is wrapped around a gin and tonic or may be turning the elegant brass tap of a white porcelain bath big enough to swim in. The "Fleur de Lys" has three staterooms, each with a dressing room and bathroom. There are mounds of thick white towels and Roger et Gallet toiletries. Even hair dryers are provided. I slept in a four-poster and woke to find the sun creeping in through my porthole, which I could open or close. I could also adjust the radiators according to whim and temperature.

All this luxury does not come cheap: six people (it will take eight) chartering this boat in high season would pay £2,095 each for six days. This includes the round trip from Paris, sightseeing excursions, three meals a day (and afternoon tea), and as much as you can drink.

The quality of the food matches that of the surroundings.

The success of an operation like this rests to a large extent with the captain. Krishna Lester is an unflappable, laid-back, English gentleman with a penchant for Jacques Brel. He is also extremely competent, whether handling an assortment of passengers, stroppy French bargees, or a 126-ft long boat into a parking space with only a few inches to spare. He thinks the Burgundy Canal flows through a delightful part of France and enjoys sharing its secrets with his passengers. Indeed, he likes it so much that he keeps his own barge on it.

He says that "101 tiny excursions" can be taken from the barge and to this end (and also to keep the supply of food flowing) a minibus accompanies the boat. It is possible, however, for passengers to walk to most excursion destinations. Bicycles are also available. Krishna is good at suggesting outings that suit the mood of passengers and can even keep them happy if it rains unexpectedly.

Time for teamwork: a lock on the Grand Union Canal

If it doesn't, and passengers have the odd £116 to spare, they can have a stupendous view of the Burgundy countryside from a hot air balloon. Buddy Bombard, an American who owns a chateau in the area, will arrange a one and a half hour flight, usually in the early evening when the thermals and the light are at their best.

The canal itself takes the boat at an average speed of two and a half miles an hour and follows the river Armençon to Yonne, through fields of rape, sunflowers and ripening corn, through vineyards and orchards of cherry trees and grazing pastures of Charollais and Limousin cattle. It is lined with Lombardy poplars covered in mistletoe and there are good towpaths, plenty of locks (which the crew deal with) and lock-keepers wearing the traditional wooden sabots.

Burgundy is a land of chateaux, Romanesque churches, cloisters, and abbeys, nightingales singing overhead and few tourists to share these delights with.

● Abercrombie & Kent Travel, Sloane Square House, Holbein Place, London SW1W 8NS (Tel 01-730 9600; 01-235 9761); Telex 8813352 ABKENT G.

Good and still 90% British

Stuart Marshall on the Rover 800 and the Honda connection

ANY MOTORIST who did not know that the Rover 800 was a joint Honda/Rover exercise called Project XX and that its success is crucial to Rover's future simply has not been paying attention.

So much has been said officially and off the record over the last two years about its shape, size and ancestry that when the dustsheet was pulled away on Wednesday, about the only thing that was still secret was the price.

When I saw the car in the metal for the first time and drove it in Switzerland early last month, no-one from Austin-Rover would give any indication of what it would cost, except that it was not going to be cheap.

As it was put forward as a rival to such senior managers' favourites as the BMW 5-series, Ford Granada, Renault 25 and Volvo 740/760, I deduced a range of £11,000 to £18,000. It was on this basis that I assessed it against the competition. The actual figures are from £11,820 to £18,795.

Either way, it must be reckoned to come out well. A Renault 25 owner might think the Rover a shade expensive. A Mercedes owner would consider it keenly priced, especially when looking at all the goodies which Austin-Rover throwns in for nothing and which have to be paid for as extras on the Mercedes.

Switzerland, I have to say, was an odd place to launch a fast new car. There is a limit of 130 km/H (81 mph) on the autoroutes and the Swiss police are not renowned for turning a blind eye should one accidentally go a tiny bit over the top. The on-the-spot fine can be as heavy as £250, as some fellow journalists found to their cost.

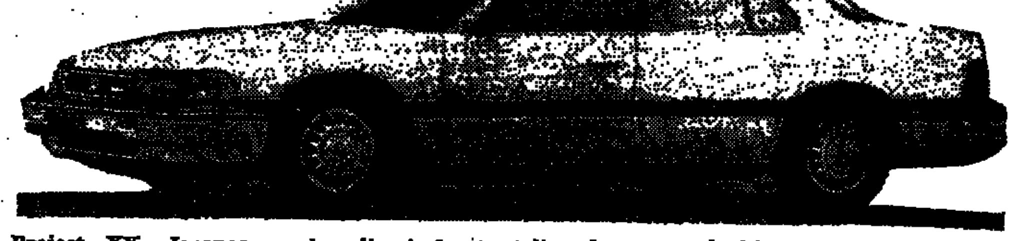
Preferring to stay at least within the spirit of the law; I cannot confirm Austin-Rover's claimed maximum speeds of between 126 mph and 133 mph for the various models, but they seem reasonable to me.

What I can say is that the new Rovers will meet one of the business driver's main requirements—tranquility. For noise suppression, and especially tyre rumble caused by coarsely textured roads, it is in the Jaguar class and thus better than almost all its European rivals.

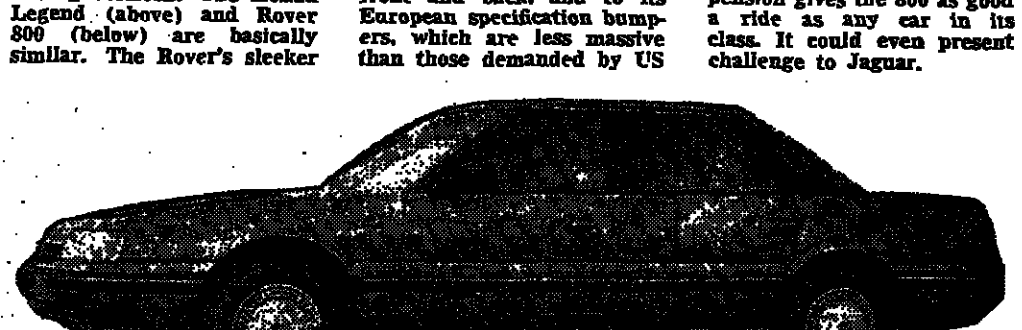
But first, a look at the Rover 800 in detail. At present, there are four models; the 820i and 820Si, the 825i andthe Sterling. The 820i and 820Si have a two-litre, four-cylinder engine developed from the BL "O" series but so different it must be considered a new unit. It has a 16-valve, twin overhead camshaft cylinder head and multipoint fuel injection like that of the Montego EFi. Output is 138 bhp at 6,000 rpm; maximum torque (that is, it pulls hardest) is at 4,500 rpm and it starts to raise its voice only if you insist on taking it over 5,000 rpm in the gears.

The 825i and the Sterling have a Honda V6, also with four valves per cylinder and fuel injection. It produces 170 bhp at 6,000 rpm in the manual gearbox version, 165 bhp in the automatic, which also develops maximum torque at 4,000 rpm against the manual's 5,000 rpm. Unlike some V6s, which lack the urbanity of a good in-line six, the Honda engine is silk-smooth.

Standard transmission is a five-speed Honda gearbox. A German ZF four-speed automatic is available in the four-cylinder cars, a Honda four-speed automatic in the V6s. A simpler and cheaper fuel injection will be offered later on less powerful versions of the four-cylinder cars, the 820E and 820SE. The 820E will be the price leader; the Sterling the flagship of the Rover range.



Project XX, Japanese and British versions. The Honda Legend (above) and Rover 800 (below) are basically similar. The Rover's sleeker line is due to styling changes, front and back, and to its European specification bumpers, which are less massive than those demanded by US legislation. Rover's own suspension gives the 800 as good a ride as any car in its class. It could even present challenge to Jaguar.



There is only one body style at present—a 4-door saloon with a very large boot. A hatchback will be launched at the Geneva Show next March; a two-door coupé is promised later. At present, there are no plans for an estate car

The all-independent suspension gives an admirable ride. Despite its shock-absorbency on bad roads, it lets the big Rover corner fast without any wallowing. Power assisted steering, fitted as standard, is nicely weighted for ease of control in town and for effortless parking but remains precise at speed. The V6 engined 825i I drove in torrential rain did not show any torque steer (that is, fight through the steering caused by front wheels spinning) during hard acceleration or when climbing mountain roads.

Inside, the 800 is traditionally British with modern touches. Soft leather trim is offered on the up-market models; there is some polished wood, an ergonomically effective instrument and minor control layout and no synthetic voice, thank goodness. That is one electronic miracle that no-one seems to want.

How different is the Rover from the Honda Legend? I have not driven the Legend, which Austin-Rover will be assembling for European sales before long, but their common parentage is obvious at a glance. Rover has put a lot of work into the suspension of the 800, which is quite different from the Legend's and it has every reason to be satisfied with the result.

Looked at in the round, the 800 is arguably more of a Honda than a Rover, and there is nothing wrong with that, bearing in mind Honda's very high reputation for innovation and quality. But it is made in Britain, with about 90 per cent British content and can be bought with a clear conscience by customers whose dislike of foreign cars comes near to xenophobia.

In fact, I can even see the Rover Sterling giving Jaguar cause for worry. It is good enough to persuade a traditional Jaguar owner to try front-wheel drive for the first time.

A more meaningful assessment of the Rover will come after a really long drive. But I liked it enough to arrange to take one to the Paris Show later in the year. It will be the first time I have ever chosen a British car to drive to a foreign show and I doubt that I shall regret it.

Teenage globetrotters

WHAT DO you do with 18-year-olds who have just finished their A-levels? In the interests of family harmony, it is a wise move to send them away on holiday, preferably before their results come out.

Many parents pause before letting their teenagers go globe-trotting alone, feeling that it is neither safe nor economical to send them further than France or Italy.

But when you weigh up the dangers of various destinations, keep some perspective. Before I visited Syria a couple of years ago, my maiden aunt told me that I would be kidnapped by Islamic extremists and raped by Bedouins. To allay her fears I telephoned the Foreign Office, who know more about these things than maiden aunts.

They told me that her fears were unfounded, and Syria proved to be one of the most welcoming countries I have visited. But there is always the risk of robbery in some of these far-flung places. Before you press £220-worth of travellers' cheques into your teenager's hand, make sure he has a money belt, which he can buy at Millets for £1.99.

Disease is not just a parental fear. Get young travellers insured and make sure they have the right innoculations. If they forget, they can get these in a hurry at British Airways passenger immunisation terminal in Victoria, London.

Warn them against fruit juice, ice cream, and warmed up meats. Equip them with two loo rolls and some strong medication.

A key question is how to cut expenses to a minimum. Every year, hoards of spotty teenagers cross the Channel and cram themselves into rail carriages and hostels. For myself, the best part of my teenage holidays was to get away from the adolescents and acne, but if your teenagers are attracted to the idea of commuting to the sun, I strongly recommend an Interail Pass, which is readily available from British Rail or most travel agents for £119.

As an alternative, Transalpino tickets take young people to a fixed destination, allowing stop-offs en route.

To arrange a cheap holiday further afield takes a little more trouble, You must assume nothing.

For a book of European camp sites, send £3.95 to the Camping Club of Britain and Ireland, 11 Grosvenor Place, London SW1W 0EY. For alternative cheap accommodation and for local transport, a good guide book is worth its weight in the ruck sack. I can recommend the excellent Rough Guide Series (£5.95, Routledge and Kegan Paul), while the Let's Go series, compiled by Harvard students (£8.50, Columbus Books), is always up-to-date.

Hugh Frazer

CHESS

FIDE, THE International Chess Federation, has just issued its second half-yearly rating list for 1986 showing Kasparov firmly at the top with 2,740 points—the highest figure since Bobby Fischer—and Karpov a clear second on 2,705, well ahead of the next man Yusupov on 2,660.

The two Ks start their world title match at the Park Lane Hotel, Piccadilly, London, on July 28. Play is on Mondays, Wednesday and Fridays, with adjournments on the following days and Sundays free. Hours of the session are 5-10, and front row (£20) and middle row (£10) seats are bookable in advance from American Express, 19-20 Berners Street, London, W1 (01-637 8000) who also offer package tours for overseas visitors.

Rear seats at £3 will be available only on the day of play at the venue except for season tickets at £30 for the entire 12 games of the London half of the match. Extra facilities for spectators include grandmaster running commentaries by earphone and video screens updated instantly with each move. ITV will screen programmes three nights a week while BBC-2 will carry its usual commentary series.

The match is the highlight of what will be a prolific few months for British chess events. On the same day as K v K push their first pawns, the annual Kleinwort Grieveson BCF congress opens at Southampton; the Commonwealth championship is at the Great Eastern Hotel, London, from August 11-19 and is immediately followed by the traditional Lloyds Bank Masters at the same venue. Then on September 5-7, Swansea stages the inaugural British Isles Open, where a £1,500 first prize is sure to attract a competitive entry.

Most significant of all is the announcement of a new sponsor for Hastings, Britain's oldest and still best-known chess event. Foreign & Colonial, a long established investment management company, will give £20,000 backing to the 1986-87 congress, a sum matched by the Hastings Council.

This increased support ensures the strongest Hastings for many years and should provide an opportunity for the rising young generation of British GMs to enhance their status. In the latest FIDE ratings, Britain has four men in the world top 30—Short ninth at 2,615, Nunn 16th at 2,590, Miles 24th at 2,570, and Chandler 29th at 2,565.

Last month, Nigel Short triumphed at another new congress—the Joshua Tetley British quickplay championship at Leeds. Quickplay games are at half an hour per player on the clock for all the moves, and Short scored 11/11 to finish 2½ points ahead of the field. In this week's game he gives up a pawn for active piece play, and White finally blunders under pressure from position and clock.

White: M. L. Hebden. Black: N. D. Short.

King's Gambit (Leeds 1986). 1 P-K4,P-K4; 2 P-KB4, P-Q4; 3 N-QB3, PxBP; 4 PxP, P-QB3; 5 N-B3,B-Q3; 6 P-Q4, N-K2; 7 B-B4(book is 7 B-Q3 with a slight edge for White), PxP; 8 BxQP,NxB; 9 NxN,Q-R4 ch? (better 0-0); 10 N-B3,0-0; 11 0-0,R-K1; 12 N-Q2,B-B2; 13 N-B4, Q-KB4; 14 N-K3,Q-KN4; 15 N(K3)-Q5,B-N5; 16 Q-Q2, B-Q3; 17 Q-B2,N-R3; 18 BxP,BxB; 19 NxB,B-Q2; 20 QR-Q1,P-N4! 21 N-Q3,P-B3; 22 P-QR3,N-B2; 23 N-B5,B-B3; 24 P-KR4 (simpler is 24 Q-N3 to force a queen exchange), Q-R4; 25 Q-N3, N-Q4; 26 NxN,BxN; 27 QR-K1,R-K7; 28 RxR,QxR; 29 Q-B2,Q-N5; 30 R-K1,P-QR4; 31 N-Q3, Q-Q2; 32 N-B4, B-B2; 33 P-Q5, R-QB1; 34 Q-Q2, Q-Q3; 35 P-B3, R-B5; 36 R-KB1, R-K5; 37 P-KN3,P-N4; 38 PxP, PxP; 39 Q-Q3? (a decisive blunder; best is 39 N-K2 when if QxQP; 40 QxQ, BxQ; 41 R-B5 but Black keeps up pressure by 39 . . . P-R3), Q-B4 ch; 40 K-R2, R-K6; 41 P-N4,RxQ; 42 PxQ, PxN and Black won on material.

PROBLEM No 628

BLACK(1 man)

WHITE(7 men)

White mates in two moves, against any defence (by E. H. Courtenay).

Solution, page XVI

Solution, page XVI

Leonard Barden

BRIDGE

TODAY'S TWO deals from rubber bridge, will, I trust, instruct and entertain. Here is the first:

N
♠ A Q 4
♡ K 6
♢ K J 6 3
♣ A J 5 4

W
♠ 9 8 5 3
♡ 10 9 8 5 2
♢ 8
♣ K 6 3

E
♠ 10 6 2
♡ J 7 4 3
♢ Q 10 7 4
♣ 7 2

S
♠ K J 7
♡ A Q
♢ A 9 5 2
♣ Q 10 9 8

With both sides vulnerable, South dealt and opened with one no trump, and North's raise to six no trumps concluded the brief auction. West led the heart ten, and when dummy went down, South groaned inwardly at the "mirror" distribution of the two hands. Winning the opening lead with his queen, the declarer at once returned the queen of clubs—it was essential to find out whether the finesse was right or not, because on this depended the play of the diamond suit.

West covered the queen with his king, and now the declarer had 11 tricks on top. He took with dummy's ace, and all he had to do was to make sure of collecting a third trick in diamonds. He cashed dummy's diamond king, continued with the three, and when East produced the seven, he finessed the nine in his hand. When West showed out, the slam was delivered.

The play of the diamond king is the perfect safety play. If the diamond nine loses to the ten in West's hand, the suit has broken, and South has 12 tricks; if on the diamond three East shows out, the trick is won with the ace, and a diamond return will establish dummy's knave.

To play the ace is utterly wrong, but you know as well as I do, that in your average game the declarer will start by cashing his ace, and moan when he finds his left hand opponent with a singleton.

Take a look at the next hand, which was dealt by South at game all. In this hand South started with one diamond, North replied with one heart, and South rebid three clubs. North thought of saying three no trumps—this makes, as the cards lie—but he gave primary preference with three diamonds.

South now said three spades, and this encouraged North to bid five diamonds, which became the final contract. West opened with the ten of spades.

N
♠ K 7 4
♡ J 9 6 5
♢ Q 7 4
♣ K 5 3

W
♠ 10 9 8
♡ K 10 8 7
♢ 8 5
♣ 10 7 6 4

E
♠ Q J 5 2
♡ A Q 4 3
♢ 9 3 2
♣ J 9

S
♠ A 6 3
♡ 2
♢ A K J 10 6
♣ A Q 8 2

Winning the spade lead with his ace, South cashed ace, king of trumps followed by ace, king of clubs. The declarer then led another club from the table — he was playing a standard partial elimination, which succeeds if the opponent with the outstanding trump holds four clubs (or, of course, if the suit breaks 3-3). As the play went, East ruffed, returning the spade queen to dummy's king. With no fast entry back to hand, South had to lose a spade and go one down.

South's plan was good, but he should have taken the first trick with dummy's king. He then cashes the ace and king in each minor suit, and returns another club. If East ruffs, he is ruffing a loser, which does him no good. The declarer can come to hand via the spade ace, discard dummy's third spade on the queen of clubs, and ruff a spade with the diamond queen, thus fulfilling his contract.

E. C. P. Cotter

Heritage

Glory of Selborne

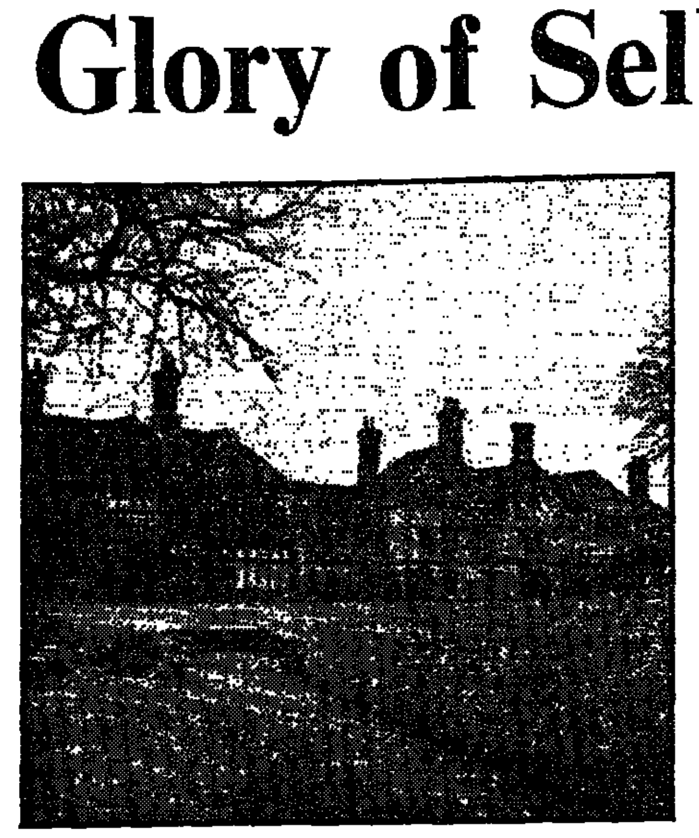
TWO HUNDRED years ago, in July 1786, the Rev Gilbert White wrote in his Journal of "a cloud of swifts over Clapham." I have seen sickle-wing swifts swirling above the tracks outside Clapham Junction today — from the train to Alton, four miles from White's lovely village of Selborne.

Anyone reading White's "Natural History of Selborne," who has been captivated by its devoted observation, concise writing and quiet wit must have longed to visit the place.

"The Wakes" where White lived (1720-93) is now much altered. But in the study are his coconut loving cup, his school books and sermons, the hawfinch he shot and stuffed, and the desk at which he wrote the "Journals" (1768-93).

In those days natural history came indoors: "A colony of black ants comes forth every midsummer from under my staircase, which stands in the middle of the house: and as soon as the males and females (which fill all the windows and rooms) are flown away, the workers retire under the stairs and are seen no more." Other plagues were year-long: "After the servants are gone to bed the kitchen-hearth swarms with crickets not so large as fleas . . . cherished by the influence of a constant fire." As these grew "they become noisome pests, flying into the candles and dashing into people's faces: but may be blasted and destroyed by gunpowder discharged into their crevices and crannies."

This was life without central heating, refrigeration or insecticides. "Frost comes in a doors. Little shining particles of ice appear on the ceiling, cornice and walls of my great parlour . . .



A modern view of White's world

Ice under people's beds . . . Water bottles burst in chambers." In summer, food rots: "My pendent pantry, made of deal and fine flywire, and suspended in the great wallnut tree, proves an incomparable preservative for meat against flesh-flies. The flesh by hanging in a brisk current of air becomes dry on the surface, and keeps 'til it is tender without tainting."

Vast quantities of dung made White's large garden most fertile. He delightedly records its performance: "Crocuss in great splendour"; "The long rows of tulips make a gallant show"; "My flower bank now in high beauty"; "The bloom of the vines fills the chambers with an agreeable scent somewhat like that of mignonette"; "The wallnut trees are loaded with myriads of nuts, which hang in vast clusters."

The garden well 63 ft deep, was a constant anxiety. It tapped two springs and carried water when many deeper wells ran dry; but in the drought of 1781 only 3 ft of muddy water remained. A man went down to clean it, and brought up marbles White had thrown in as a child half a century before.

Beyond his garden and meadows rises the glory of Selborne—the precipitous wooded Hanger. The zig-zag path White made in 1753 climbs the cliff-like ridge. The National Trust preserves it—a delight for hill-deprived children of the South-East.

National Trust land provides another favourite walk of White's east of Selborne, through the woods of the Short and Long Lythes and down the hidden valley of the Oakhanger stream. A map of these walks can be got at "The Wakes."

White's Journal covers the year (1785) when George Stubbs was painting his magnificent "Haymakers" and "Reapers" (in the Tate). It confirms the truth of Stubbs' portrayal of a solid, vigorous peasantry. White notes that diet and clothing had much improved in recent years; births substantially exceeded deaths. "The parish swarms with children." Husbandry was constantly improving, and good wages were earned: "Women pick up acorns and sell them for 1s (5p) per bushel" (an 8-gallon measure). When the hops were large some women could pick "24 bushel in a day, at 1½d per bushel"—a handsome wage of 15p.

The Journals and a visit to Selborne give a unique sense of what has gone and what remains. Unlike White, we shall not see kites or honey-buzzards nesting in the Hanger trees, or a flock of 46 ravens playing above the Common; our mechanised and antiseptic countryside has decimated the wild life he knew. Had he not told us of the 40 house martins' nests under the eaves of Priory Farm we should never have guessed at past abundance. But if we go down the Lythe in March we may, like him, hear the chiffchaff "no bigger than a man's thumb, fetch an echo out of the hanger at every note"; and in May see how "the beeches on the Hanger, now in full leaf, when shone down on by the sun about noon, exhibit most lovely lights and shades."

The man who saved this lost world lies in the churchyard under a grass mound. A low headstone simply states "G.W. 26th June 1793." It is a modest memorial for one whose magic has worked for millions — but consistent with the economical mind that recorded on May 15 1788. "Sheared my mongrel dog Rover, and made use of his white hair in plaster for ceilings. His coat weighed four ounces."

The Gilbert White Museum, "The Wakes," Selborne, Hants is open March to October, Tuesday to Sunday and Bank Holidays 12-5.30.

Anthony Greenstreet

Collecting

The ascent of man

ADMIRING OLD prints of the first aeronauts — with sunny skies, elegant landscapes, cheering crowds and the intrepid heroes themselves gaily waving from their balloons—it is easy to forget that they too experienced the troubles, setbacks and everyday annoyances that beset any bold enterprise. The life of the pioneer has never been plain sailing, as Vincenzo Lunardi, who made the first flight over British soil, poignantly testified in his own account of his expedition, two centuries ago.

Born in Lucca in 1759, at 22 Lunardi was chosen to accompany the Neapolitan Ambassador, Prince Caramanico to London, as First Secretary. Richard Cosway's portrait of him appears to confirm his reputation for charm, humour and vivacity.

The Montgolfier brothers made the first aerial voyage in Paris in November 1783, and Lunardi, now 24, determined to make the first British balloon ascent. He admitted his genteel embarrassment at the commercial aspects of the undertaking. The balloon was exhibited in the Lyceum in the Strand, and subscription tickets, giving admission to the forthcoming ascent, were sold at a guinea, half a guinea and five shillings. He consoled himself that the Royal Academy, under the King's own patronage, did not scorn to charge admission to their exhibitions.

Soon he was complaining that "My subscriptions come in but slowly . . . nor has my Balloon . . . excited the curiosity I expected." Preparations went ahead nevertheless. The "globe" was constructed from 250 yards of oiled silk, in alternate stripes of red and blue. Its horizontal diameter was 33 feet; and the gas was pumped in through oiled silk tubes. Lunardi thought "inflammable air," as hydrogen was still known, safer than hot air, which necessitated suspending a brazier below the envelope.

Lunardi had arranged to make his ascent from the grounds of Chelsea Hospital: in return he was to donate half the proceeds to the hospital. A certain Moret, however, attempted to steal his thunder by making an ascent in a hot air balloon from a private garden in Chelsea the day before him. When the wretched Moret's balloon went up in flames before it could leave the ground, the disappointed crowd went on a rampage, trampled fences and terrorised Chelsea. "Though the people of England are comparatively well informed and enlightened, yet the multitude in all nations is nearly alike" reflected Lunardi.

Alarmed, the Governors of Chelsea Hospital withdrew their permission for the ascent. Lunardi, suspecting xenophobia, "now sank into the extreme depths of distress."

Happily things were looking up at the Lyceum. London's female society had suddenly taken the personable Lunardi to their hearts and flocked in with subscriptions and pleas to be allowed to ascend with him. Moreover, he was able to persuade the Honourable

Vincenzo Lunardi — pioneer flier

Artillery Company to let him use the Artillery Grounds at Moorfields.

Nothing seemed to go right for long though. Lunardi next discovered the proprietor of the Lyceum had cheated him out of the takings, and would not release the balloon unless a share of future profits was made over to him. The Artillery Company went back on their promise to provide a security force, and demanded an indemnity of £500 against possible damage.

Somehow these problems were resolved, and on September 15 all was ready. At midday, Lunardi found himself faced by a restive crowd of 150,000 people who had been waiting since morning. "I have no apprehension but of the populace, which is here, as it is everywhere, an impetuous, impatient and cruel tyrant." He was slightly reassured by the presence of the Prince of Wales, who showed no apparent fear of the crowd.

Filling the balloon with hydrogen was a slow process, but by 2 o'clock Lunardi dared not keep the crowd waiting any longer. The envelope was so far from filled that Lunardi had to abandon the idea of taking up a companion, Robert Biggin ("a young gentleman distinguished by his birth, education and fortune"), and his recording instruments.

So, at 2.05, Lunardi ascended, with a cat, a dog, a pigeon (which escaped) a bottle of wine and cold chicken for company. (Some other comestibles had inconveniently got mixed up with the sand ballast.)

Once in the air, however, every trouble was forgotten. Lunardi beheld what no human eye had ever seen. "It was not possible for me to be on earth, in a situation so free from apprehension . . . . Thus tranquil and thus situated, how shall I describe to you a view, such as the Antients supposed Jupiter to have of the earth, and to copy which there are no terms in any language . . . here every think wore a new appearance, and had a new effect."

At half past three, the kindly Neapolitan came down to earth at South Mimms, to put out the cat, which was suffering from the cold at high altitudes. Taking off again, he finally descended at 4.20 in a meadow in Standon, near Ware. He had travelled 24 miles in 135 minutes. He asked some labourers to help him, but they refused: he could not make out whether they were calling his machine the Devil's house or the Devil's horse: either way they would not come near it.

Once again Lunardi was rescued by the fair sex. A young woman caught the cord he threw out, and ordered the men to help her pull down the balloon. (The name of this brave lass is happily recorded for posterity: she was Elizabeth Brett, servant to a farmer called Thomas West.) The balloonist returned to London a celebrity: for months Lunardi garters and bonnets were a vogue among the adoring ladies.

A special attraction of Lunardi's *Account of the First Aerial Voyage in England* is that every copy was signed by the author himself. Several copies—in different states and conditions, variously estimated between £50 and £500—appear for sale in Sotheby's book sale of July 15. They come from the collection of Andrew Robinson, who organised the first post-war International Hot Air Balloon Rally at Radley, Berks, in 1969.

The collection also includes Lunardi's printed accounts of subsequent ascents in Liverpool and Scotland—both rarer than his first booklet—and a very comprehensive coverage of the whole literature of early flight. One of the rarer items (estimate £700-£900) is a pamphlet, issued two weeks before Lunardi's ascent, proposing a Grand Navy Air-Balloon to supply a passenger air service. This was an age of visionaries.

Janet Marsh

Gardening

A schism of roses

IT HAS been a bad three weeks for English cricket, football and tennis, but before you assault the TV screen, spare a thought for England's roses outside. This year, they would win any world competition: the bushes of old Rose alba have been heavy with double pink and white flowers; the Musk roses have excelled themselves and the temperamental Bourbons have been bursting out of their skirts of garden twine and wire. Three weeks ago, a late season became a hot, dry one. As a result, early and late varieties opened together.

No thunderstorms ruined the petals in those critical weeks between Ascot and the Wimbledon semi-finals. Just when the flowers were overheating, rain brought the temperature down and released the scent. Most roses are not sweeter in hot weather: last Friday week, as the weather broke, my groups of Damask and Gallica roses suddenly let out their scent, like a great sigh of relief.

To an outsider, it must seem that rose growers, like the country, are divided. A minority grow old roses, while the majority plant new roses. Their relationship is not equal. The majority do not dislike the minority's older varieties. Usually, they do not know them or cannot find them and remain content with modern bright colours and uniform, glossy leaves.

The minority are not so accommodating. They positively hate the majority's new roses and regard some of them as an affront. They prefer a rose with a week's season, if it has scent, a romantic French ancestry and a colour between pale pink and crushed purple. They would not be seen dead among the harsh colours of Queen Mary's Rose Garden in Regent's Park.

Like most schisms, this one has many ironies. At its fringe, the minority are only conservationists, saving roses of no particular merit just because they are old. The majority, too, can be rather philistine, choosing some strident colours which are out of keeping with their setting. Personally, I incline to the minority, while retaining majority sympathies. Protagonists sometimes forget that the harshest modern roses can look quite charming if picked and segregated indoors. Most of the older roses make bad cut flowers.

It does not bother me if a rose is old, new, French or American. Times passes and already in my gardening lifetime "new" roses are becoming "old." Is the lovely white Nevada now an old rose, as it was bred in 1924? Moderns list it as modern, but they consider the Musk rose Felicia to be old, though it was produced four years later in 1928. I also see signs of nostalgia for Hybrid Teas from the 1930s. Perhaps roses, like houses, will soon be idealised as bushes from the "between-the-wars period."

The schism is rather an insult to our best breeders. They know very well what the minority prefer in older roses: scent, subtle leaves, heavily-petalled flowers and soft or deep colours. They are trying to breed these qualities into a wider range with greater vigour. David Austin's white Fair Bianca and yellow Graham Thomas, Le Grice's semi-double Pearl Drift and Peter Beales's new Musk hybrid Sadlers Wells are three steps in this direction, launched since 1982.

Meanwhile, this superb season vices in the minority's type of rose. The strengths are their profusion, scent, shapeliness and soft colouring. May I emphasise the charm of the Damask and smaller Portland roses, especially the pink Comte de Chambord among the latter and the ancient pale pink Ispahan son is showing the strength and among the former.

The Comterealy does flower a second time in autumn, especially if you dead-head him this month; his other relations, said to be recurrent, are less obliging. Ispahan is also a double-cropper but I particularly enjoy its early start to the year and its capacity for forming a loose hedge, about 4 feet high if staked and lightly pruned.

Spraying roses with water, soap and a dash of turpentine—Cassell's Family Magazine, 1891, and reproduced in The Companion to Roses (Viking)

As for the vices, we all know and fear black spot, but it is less prevalent after a wet, early season; I try to spray the plants and surrounding soil with Jeyes fluid in early spring to kill off lingering spores. Other problems are less familiar. When you first plant old roses, you are highly likely to overcrowd them and rush them. Roses like the wonderful white Mme Hardy and pale pink Fantin Latour are essential, but they become shrubs of a certain width and should be surrounded by solid stakes from the start.

At first, you may be disappointed. Older roses develop their full colour and size over three or four seasons.

Though the black spot is less this year, I notice the vice of proliferation. The older, double roses sometimes throw up malformed flower-buds in the centres of their flowers. This vice is more frequent after a cold and wet May. For years, I blamed it on those universal culprits, the greenflies. In fact, nobody knows the cause. Pick off the offending flowers from your Mme Isaac Pereire: proliferation is a hazard of old prolific roses. It will never settle the schism in favour of the new proliferating moderns in their shades of salmon-pink and carmine.

Robin Lane Fox

Arthur Hellyer sounds the alarm about a dwindling industry

Cherries are put at risk

FOR THE SAKE of a saving of well under £100,000, the cherry orchards of Kent are under threat. That is the annual grant from the Government required to keep the cherry breeding and research programme going at East Malling Research Station.

At one time this work, now producing results which could revolutionise the cherry industry and make it attractive again, was spread between several institutions including John Innes at Norwich and at Long Ashton near Bristol but now, in the interests of economy, it is concentrated at East Malling. The surviving cherry unit there may soon be closed or be subject to crippling restrictions if the Ministry of Agriculture gets its way.

Ten years ago, the ministry tried to stop cherry research at East Malling on the ground that the dwindling cherry industry did not justify it. East Malling fought back and won a reprieve. Since then, many developments have taken place which are already making cherry cultivation more profitable and in a few more years could make it fully competitive against foreign competition especially for the late crop. The same developments are also of great interest to private gardeners and are already making fruiting cherries a much more attractive proposition in small gardens.

The difficulties that have put many cherry growers out of business are cost of labour, birds, bacterial canker and fruit spitting. Traditional cherry trees are large and so very expensive to manage. Ladders must be used for pruning and picking and powerful machinery is required for spraying.

Long ago, apple growers were relieved of these problems by the introduction of dwarfing rootstocks which enabled even very vigorous varieties such as Bramley's Seedling to be kept so small that all work on them could be done from ground level. The saving in labour costs was tremendous and enabled apple orchards to become profitable again.

No comparable dwarfing rootstocks were available for cherries until about ten years ago when one named Colt, bred at East Malling, was introduced. Cherries grown on Colt are between half and two-thirds the size of those grown on traditional rootstocks.

It is a significant reduction in size but not enough, so the search for even more dwarfing rootstocks goes on. Colt, because it has three sets of chromosomes, making it a triploid in the scientific jargon, is sterile and so of no further use for breeding but the boffins have produced variants of it with six sets of chromosomes (hexaploids) which are fertile and so breeding with Colt can now continue.

Other cherries have been brought into the breeding programme, some of them wild species, such as Prunus mugus, a thicket-forming shrub from the border lands of China, Burma, and Tibet, and P. fruitcosa, known as the ground cherry and grown in Britain for three centuries but never previously considered as a rootstock for edible cherries.

Meanwhile Imperial Chemical Industries, in the course of a routine investigation of a group of chemicals known as triazoles (some of which are useful in controlling diseases caused by fungi), produced one, now named Cultar, which at East Malling proved to be a powerful growth retardant. Very small doses, in the order of 0.4 grammes per tree applied to the soil close to the trunk, will almost completely halt growth for a year or more without harming tree or crop in any way. Cultar has now been released as a growth retardant for apples and pears.

With these new aids it will be possible to produce small cherry trees that can be readily managed from ground level and can be covered economically with nets during the few summer weeks during which the ripening fruits are at risk from birds. Ingenious ways of doing this effectively and quickly have been developed at East Malling and the next step is to devise a method by which a plastic overhead cover can be added to keep off rain during the similar period when an excess may cause fruit splitting.

Side by side with all this has gone a worldwide search for new and more profitable cherry varieties. There is a big breeding programme at East Malling making use of material which had previously been developed at Long Ashton and John Innes and there is interchange of varieties with all the other cherry breeding organisations throughout the world. Among the newcomers are some varieties that show resistance to bacterial canker and this, if developed, could get rid of another of the serious difficulties in the way of profitable cherry cultivation in the UK.

The monetary saving from closure of the cherry unit at East Malling is so minute that it seems complete folly to pursue it. The difficulty is for such a small industry to lobby for its survival with sufficient force to make any impact. Private gardeners would also gain from the new cherry varieties and growing technique and conservationists would surely be unhappy to see the cherry orchards of Kent finally windle away. The trouble is that there is no one to tell the public what is going on.

Mad dogs and Englishmen

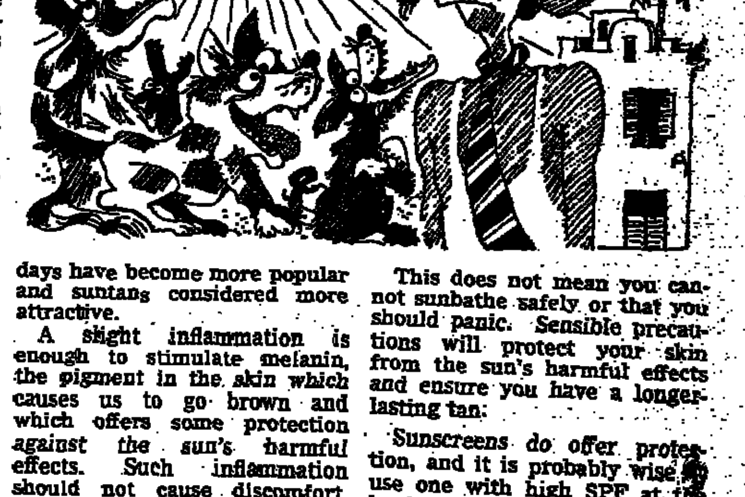
SUNBURN CAN make holidays a misery, so most people use sunscreens—suntan lotions or creams—and gradually build up the time spent sunbathing. Sunscreens are marketed with sun protection factors (SPF), suitable for different skin types, and in theory their introduction several years ago should have resolved the problem of sunburn once and for all, but this hasn't quite happened.

The theory is that dark skinned people should be able to get by with an SPF of only 2 or 3, while those with more sensitive skins may need an SPF as high as 10. But it is really up to the individual to find out the most suitable SPF, and even then the level of protection can vary considerably from one product to another. And if this sounds uncertain—well, it is. Problems arise because the method of determining a product's SPF varies in different countries and even between manufacturers in the same country.

Tests are conducted by shining ultraviolet light onto areas of the backs of volunteers and measuring the time taken to produce a level of redness known as the minimum erythema dose. Suntan lotion is then applied to previously unexposed areas of the back and the time taken to produce redness is again measured. This figure is divided by the time taken to burn without suntan lotion. For example, if it took five minutes to achieve the minimum erythema dose without suntan lotion, but 20 minutes with the lotion, the SPF would be 4.

Obviously, the time taken to achieve the minimum erytheme dose depends on the individual's skin type.

It might be argued that no categorisation really matters, since the worst result of choosing an unsuitable suntan lotion would be a bit of uncomfortable sunburn. But the long-term results could be more serious. The incidence of skin cancer has increased as foreign holidays have become more popular and suntans considered more attractive.



A slight inflammation is enough to stimulate melanin, the pigment in the skin which causes us to go brown and which offers some protection against the sun's harmful effects. Such inflammation should not cause discomfort, obvious redness or peeling.

It is advisable to spend very short periods in the sun during the first few days of a holiday and build up exposure gradually. Half an hour can be too long on the first day.

Cate Campbell warns that too much sunburn can do more than just ruin your holiday

It is a fallacy that you need to go lobster red before turning brown. Several doses of sunburn over a number of years can lead to skin damage, such as wrinkling, blotches, enlarged blood vessels and skin cancer. And the once a year severe inflammation experienced by many holidaymakers who persist in exposing their skins to sunlight even after burning has occurred does the most severe harm.

This does not mean you cannot sunbathe safely or that you should panic. Sensible precautions will protect your skin from the sun's harmful effects and ensure you have a longer-lasting tan:

Sunscreens do offer protection, and it is probably wise to use one with high SPF at the beginning of your holiday, particularly if you have sensitive skin. Young children should always be protected with a high SPF product.

If you do burn, stay out of the sun for a couple of days and build up exposure very gradually thereafter. Even if you feel comfortable and believe you could stay longer, don't — you'll suffer later.

Use a high protection factor product throughout your holiday on areas of the body which burn easily, such as the nose, shoulders, thighs and around the eyes. If your hair is thinning, wear a hat.

Remember that you can still burn when it is cloudy or when swimming: use a water-resistant suntan preparation, such as Uvistat Aqua.

It really is only mad dogs and Englishmen who venture out at midday. Do what the natives do: get up early and enjoy a siesta after lunch—but never fall asleep in the sun!

Fishing

Riddle of missing trout

THE LATE spring, which seemed to have retarded the Mayfly hatch on the Test this year, had the same effect on the sea trout run on the Shiel 500 miles to the north. I go there every year during the second week in June, and my friends and I usually manage to catch six to 10 useful sea trout and two or three salmon. This year, we took one good sea trout of about 3 lbs on the last day and nine salmon in the week.

Last year I had 50 per cent of the salmon catch, one fish. This time I caused no damage at all to fish stocks, although I used the same flies and techniques of my more successful friends while fishing the same pools.

The river was higher than usual but the water was very clear and we could see no fish at all in any of the favourite low water pools. There was also very little in the way of movement. Very few fish head and tailed or jumped yet there was never a blank day. Size was good, too, with salmon up to 24 lbs and most had sea lice and were in very good order.

The absence of the sea trout was strange. Usually the sea pool is full of finnock, young sea trout coming in on every tide, and larger ones as well. But things were very quiet and the only activity was from the brown trout for which there was an abundance of fly. Quite enough to fill a basket if I hadn't lent my dryfly tackle to a frend before coming north. In desperation, I fished with sea trout flies made to float with a little ham fat from my sandwiches.

There were reports of good fishing on the Lochy, which runs up the Great Glen from Fort William, traditionally a late summer and autumn river which has been in the dumps lately. Generally there was an optimism around that perhaps the decline in salmon stocks has been reversed and there will now be a gradual increase in the numbers returning to Scottish rivers.

There are actually three groups involved in the Scottish salmon business. There are the coastal and river netting interests catching fish for commercial gain and the rod fishermen and the riparian owners who let the rods.

Then there are the fish farmers. If you travel round the west coast sea lochs, every sheltered corner seems to be occupied by floating cages holding salmon being fattened in salt water. These fish are reared to the smolt stage in fresh water lochs when they look like small trout. Once they turn silver in the smolt stage, they are put in the sea cages where their growth rate is phenomenal.

It is an expanding industry and increasing output has led to a fall in prices for wild salmon which has upset the net fishermen. The riparian owners also disapprove, claiming it will mean changing the characteristics of the individual strains of fish peculiar to their rivers. To me, all salmon whether farmed or wild look about the same and I would have thought that any change of blood would probably introduce a bit of hybrid vigour and certainly bigger salmon.

John Cherrington

Sitting out the heatwave

Lucia van der Post

HOW TO SPEND IT

NOW THAT we have been reminded of the very real pleasures of summer days, and our confidence in the possibility of cloudless skies and rising temperatures has been restored, it is worth looking at a few of the props that will add to the pleasure of the outdoor life.

Eating out of doors when the thermometer soars has its hazards — wine becomes warm, mayonnaise melts and cool English heads feel faint. So invest in a parasol. But most seem curiously ill at ease in English gardens, looking like interlopers on the wrong stage set. Much the most discreet and attractive that I have come across in recent months are the ones made from plain natural-coloured canvas and pale natural timber, sketched here.

Barlow Tyrie of Braintree, Essex, (which pursues a natural theme throughout its range of garden furniture with some fine, sturdy wooden seats and tables) produces the Roma Parasol in four sizes. There are two circular ones (3 metres diameter costs £351 and 3.5 metres is £445) while the two rectangular ones are 2.2 metres by 3 metres for £351, and 2.5 metres by 3.5 metres for £445.

All are larger than most parasols and will happily cover tables designed to take quite convivial gatherings. They are extremely sturdy so as to withstand even quite strong winds, and can be bought either with a stand or a table which incorporates the parasol.

Peter Jones and all branches of John Lewis stores sell the parasols, but there are many other stockists throughout the country. Anybody wanting the address of their nearest stockist should contact the company direct (telephone 0376/22505).

* * *

For gardeners with a sense of theatre, the Versailles Latticed Pyramid may be just the thing. Designed by Andrew Crace (another garden furniture designer who believes in natural materials and produces a collection of furniture peculiarly well adapted to our shores), these are rather more dramatic and less self-effacing than his usual offerings. The four-sided pyramid structures are designed to fit into his Versailles boxes and can then be used to train climbing plants of all kinds.

As Andrew Crace points out, they can easily and quickly give a garden a surprisingly mature and "planned" look, so it is not surprising that they are much in demand by landscape designers hoping to give a gar- or patio an instant face-lift. Pyramids come in five sizes (to fit the five Versailles Boxes), ranging from 114cms high (£140) to 250cms (£275). The boxes are identically priced size for size.

They can only be ordered directly from the company. For a catalogue and further details write to Andrew Crace Designs, Bourne Lane, Much Hadham, Herts SG10 6ER. (Tel 027984 2685).

* * *

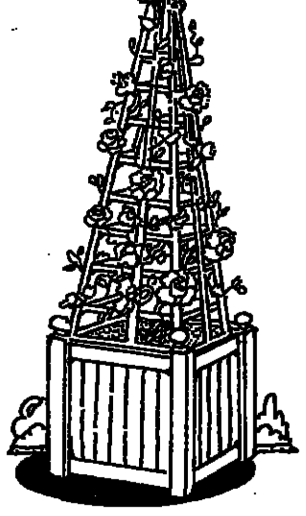
Anybody who has succumbed to the seductive pleasures of a conservatory but is still in some doubt as to how to make the best of it might like to know about Gardens Under Glass. A speciality company run by Susan Heath and Jane Bland, it concentrates almost exclusively in advising new and not-so-new owners on how to make the most of their conservatory.

They like to visit the conservatory, look it over and discuss with the owners everything from lighting and ventilation to how lush an interior they want. Plants are their great speciality—which ones will give the effect the owners are after, which requires which conditions, which will flourish no matter how little care they get—all this advice is part of the service. Gardens Under Glass will also supply and plant out the plants and will leave you with detailed instructions of exactly how to care for them.

If you have been dreaming about a conservatory but have not yet got round to having it built, Gardens Under Glass love to be consulted in advance—then they can help you plan from the beginning where the beds should go, and how to position the ventilation and shading to get the environment you want.

Susan Heath and Jane Bland operate in the Buckinghamshire area, but are happy to travel and also offer a Plant-by-Post Service. Write to them at Gardens Under Glass, Prospect House, 133 White Lion Road, Amersham Common, Bucks HP7 9JY.

Keep cool under a parasol made from natural cotton canvas and pale timber. If the natural look is what you're after, there's lots of matching furniture as well. All from Barlow Tyrie



Not everybody goes for the natural look; for some the formal garden is more their scene. Formal gardens need formal props—so what about a Versailles tub and a pyramid trellis?

Peter Will demonstrating his Feed-a-Ball machine

Anyone for machine tennis?

EVERY YEAR around Wimbledon time, the tennis writers hone their phrases and try to find new ways of asking the old question—why has Britain been so long without a champion of its own to cheer? Peter Will, a retired businessman who has been coaching part-time for some years now, has no doubt that part of the answer lies in the simple fact that not enough of us play tennis.

He cites the fact that the Lawn Tennis Association provides some 40,000 children a year with six free tennis lessons but only 1,000 of those go on to join a club. They get discouraged, he feels, because they just do not get to hit enough balls in those lessons to begin to see the pleasures the game could bring.

Mr Will got so discouraged watching children get discouraged that he set about designing a ball-machine that would feed balls to a child or any other beginner so that they could have a chance of mastering the basic techniques.

He finally came up with his Feed-A-Ball. It has several advantages over existing ball-machines. First, it is light and easy to carry. It needs no power to operate it—important as children are nearly always sent to far courts, away from electric outlets. Above all, at £150, it is much, much cheaper than its nearest rival which costs £500.

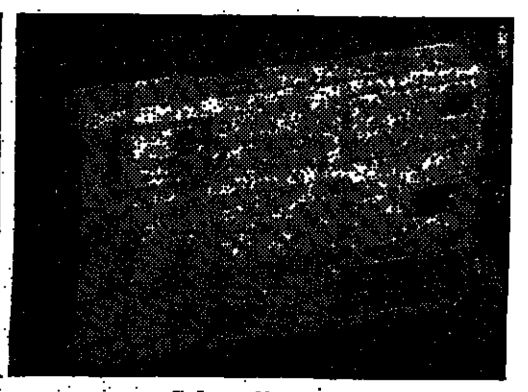
The machine weighs 12 lb, stands 50 inches high when in action on court and holds up to 20 balls in the hopper. It sends balls consistently and accurately to the player and the height and angle can be altered simply. It folds down easily so that it can be carried in the carboot.

Its main disadvantage is that it needs somebody to operate it—whoever want to practise has to persuade somebody else to operate the machine. You may ask why, therefore, do you need the machine. The answer is that most beginners are incapable of hitting each other enough good balls to provide any decent practice—the machine will do this much more skilfully. The player can practise, say, 50 backhands, followed by 50 forehands, followed by volleys and smashes.

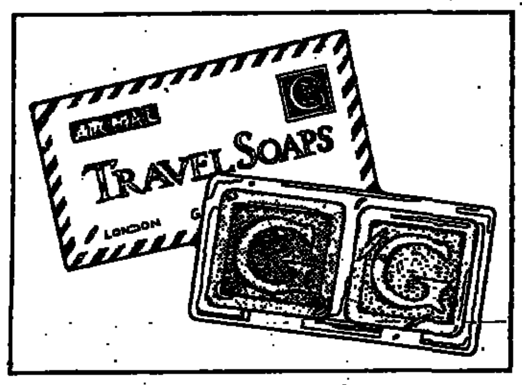
Its other disadvantage is that if the player improves a great deal he will outgrow it — it is primarily a tool to teach beginners the basic techniques. Clearly, it is ideal for schools and clubs but a group of parents might consider investing in one for their children and then later selling it secondhand. It is sturdy and looks almost indestructible, but as it is such a new invention, it is difficult to tell exactly how long it will last.

For the moment Feed-A-Ball is available for £150 directly from Peter Will, Courtkits, 10 Purbright Road, Farnborough, Hampshire.

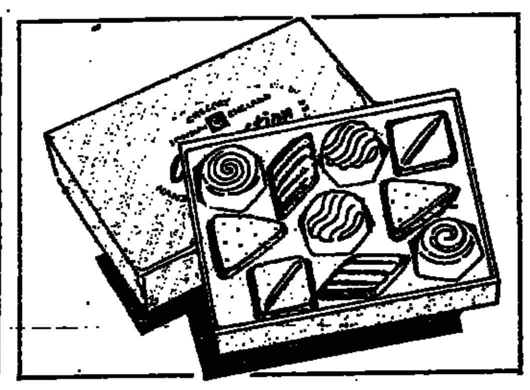
Bags of fun



Colour it purple



Clean break



Forbidden fruits

ANYBODY planning on doing any packing this summer, may be looking for some attractive bags. Collier Campbell, a lively design team made up of two sisters, Susan Collier and Sarah Campbell, have just produced some of the most attractive new luggage I have seen.

They are probably best known for their fabrics, many of which have won design awards, and are to be seen at windows and on sofas up and down the country, but they made a little detour into luggage simply because they could not find anything that they could bear to use themselves.

They naturally designed the fabric themselves and very jolly it is too, with a cream base and a skilful jumble of Paisleys and other images superimposed in bright colours. The fabric is 100 per cent cotton canvas, is waterproof backed, and all handles and trimmings are in leather. There are several shapes and sizes in the range, but just two are sketched here — a capacious document case (much, much nicer than all those stiff briefcases) that measures 1 ft 5 ins across by 1 ft high, and sells at £85.

Behind it is a large suitcase which can be carried over the shoulder. It is 2 ft 4 in across by 1 ft 4 in high and costs £90. The range is stocked by Army and Navy, 101, Victoria Street, London, SW1; Harrods, of Knightsbridge, London, SW1; Joshua Taylor of Cambridge; Bagatelle of York; and Rossiters of Bath.

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LE CLIC could be said to do for photography what the Swatch has done for watches—in other words it is the camera as a fashion accessory rather than serious equipment. Just as with the Swatch, you choose your camera to match your wardrobe — pink, purple, grey and yellow all make a decided statement when the prevailing prejudice for cameras runs in favour of black. When each camera is further enlivened with equally bright contrasting colours on buttons, switches and cords, it really does make Le Clic look very different from those rows of Nikons.

It is cheap enough at £29.95 for nobody to expect it to produce photographs like Parkinson or Donovan. On the other hand, the quality of the end-product is certainly up to most holiday snap standards. This is the sort of camera that could be happily given to a child or teenager, and who knows, it may be the beginning of a lifetime's hobby. The cameras will be appearing in the shops this month and if it is anything like as successful here as it has been in America, its creator, Keystone Camera Corporation, is set to make as big a killing as the inventors of the Swatch.

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GREGORY AROMATIC OILS make some of the most unusual soaps I know. They do not have quite the refined air of the best of Floris or Roger & Gallet. But they are beautifully packaged and are made entirely from pure vegetable bases, natural vegetable colourings and are perfumed only with essential oils. They also package beautifully — witness their travel soaps—two small square soaps in two of their perfumes presented in a cardboard air mail letter pack for just 85p. A practical and inexpensive present.

Equally chamingly presented is the box of Confection Soap—each tiny hand-soap looking almost exactly like a chocolate. You can buy a small box of five soaps for just £2.25, a medium box with 10 soaps for £3.95 or a large box of 20 for £6.50. Again, they would make a good present. Colours and scents include Bergamot (deep green), Jasmine (pale pink), Lavender (blue), Lemon (yellow), Myrrh (grey), Rosewood (deep red), Sandalwood (brown), Tea Rose (deep pink) and Ylang Ylang (white).

You can buy them at Liberty of Regent Street, Naturally British of 13 New Row, London WC2 or by post (85p extra for the Travel Soap and the small box of Confection Soaps) from C. A. Gregory Aromatic Oils Ltd. 78 Princedale Road, Holland Park, London, W11. Look out, too, for the other beautifully presented soaps and aromatic oils.

IF YOU ARE among the small band that does not own a calculator you may find that the X-changer is a brighter, more friendly introduction to the joys of electronic gadgets. The X-changer is designed to make the calculation of the true price of that holiday souvenir instantly available—you punch in the current exchange rate, then the price of the object and the sterling equivalent is displayed at the top.

As one who is liable to calculate these things rather sloppily, the arrival of the bill at the end is often a shock. With the X-changer you can work it out instantaneously and precisely. Wear it slung around your neck, clipped to your belt or attached to a key-ring. It is very slim and compact, weighs almost nothing and at just £4.99 seems a good investment. Choose from black, white, yellow or fuchsia. Find it in Boots, W. H. Smith, Underwoods and at UK airports.

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FEW OF us have easy access to regular supplies of fresh herbs so it is worth knowing about Peter and Jackie Petts of The Herbary, Prickwillow, Ely, Cambs CB7 4SJ, who will dispatch a wide selection of culinary herbs by post. They offer some 25 different herbs, including old favourites parsley, sage, marjoram, chives, thyme and lemon balm. There is also a selection of those that really need a garden (as opposed to a tub or windowsill) such a sorrel, lovage, salad rocket and salad burnet.

You can order them directly from The Herbary, Prickwillow —a pack of six costs £3.00, 12 £5.70, 18 £8.50 and 24 £10.90. All prices include postage and packing. If you would like the full list of all the plants write to them or telephone 0353 8456.

FT second safari trip

WHEN I WROTE about the FT Lure of the Wild safari to Zimbabwe back in March we were inundated with readers eager to join. The first safari was so over-subscribed that we persuaded Alan Elliott and Abercrombie & Kent to lay on a second one, covering almost the identical ground, though in reverse order. As it took some time to confirm the dates for the second trip, many of those eager to join had already made alternative arrangements by the time we contacted them.

This means that if there is anybody still keen to go, who can manage the dates (October 3 to 19), there are a few places left — for two couples and one single woman, to be precise. If you are interested, write to: Abercrombie & Kent, Sloane Square House, Holbein Place, London SW1W 8NS (mark your envelope Lure of the Wild). They will send you a detailed itinerary.

Drawings by Ann Morrow

Cookery

Know your peas and cues

SWEET FRESH young peas are one of the pleasures of summer —or they should be. These days they seem almost impossible to buy. The shops are full of mange-tout, but it seems that the only way to obtain proper old-fashioned peas, as succulent, tasty and fresh from the pod as they should be, is to grow them yourself or beg them from green-fingered friends.

Some greengrocers still sell so-called peas of course but in my experience their offerings are little more than ungraded bullets—coarse, bloated and starchy.

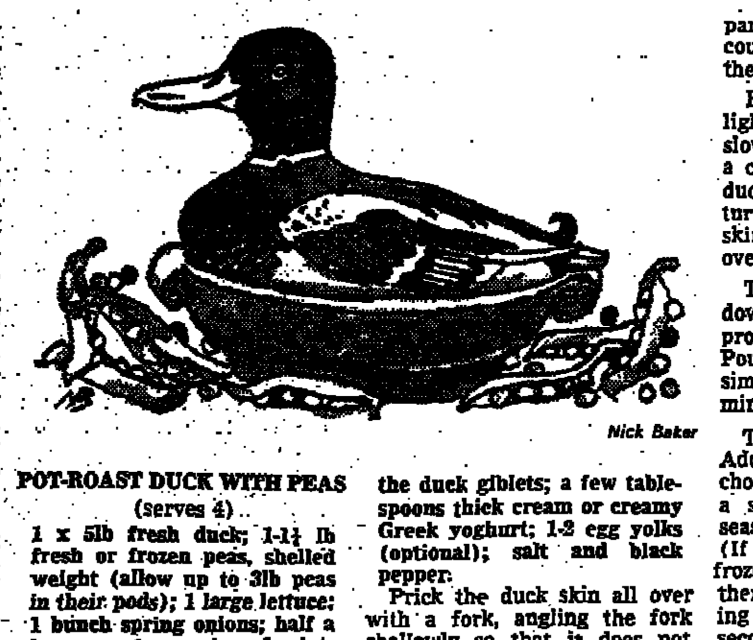
Frozen peas are a disappointment too. They look small and enticing. Certainly they are tender, certainly they are sweet, but flavour has been bred out of them, sacrificed in favour of commercial advantage. Designed for mass planting, harvesting and freezing with ease, these peas are bland and characterless, sadly lacking the delicate yet distinctive taste of real peas.

Real peas need little embellishment to make a feast. Scatter them raw over a salad of lettuce hearts; lightly steam and butter them; mix them perhaps with a few matchstick-sized slivers of fried cucumber. Treats indeed.

Bullet-like OAP peas and bland frozen peas remain lifeless if given such simple treatment. They need much more help from the cook. One solution is the soup pan, in which you can cook pods and all. Sieve the mixture afterwards to extract all the stringy bits. Also good is the old trick of annointing second class peas with fat and stewing them at length with flavourings like onion, lemon juice and pepper plus a lump of sugar or a sprig of mint for a hint of sweetness.

Such long slow cooking may seem unnecessary for tender frozen peas but it gives them the chance to drink up some of the surrounding flavours and so improve themselves.

The recipe which follows, once traditionally served at Whitsun with the first of the season's peas, is as good a way as any I know of making the most of frozen or OAP peas when you can't get hold of the real thing.



Nick Baker

POT-ROAST DUCK WITH PEAS
(serves 4)

1 x 5lb fresh duck; 1-1¼ lb fresh or frozen peas, shelled weight (allow up to 3lb peas *in their pods*); 1 large lettuce; 1 bunch spring onions; half a lemon; a few sprigs of mint; ½ pt good stock made from the duck giblets; a few tablespoons thick cream or creamy Greek yoghurt; 1-2 egg yolks (optional); salt and black pepper.

Prick the duck skin all over with a fork, angling the fork shallowly so that it does not pierce the flesh. Put a thinly pared curl of lemon peel and a couple of sprigs of mint inside the duck.

Fry the duck in a large lightly oiled frying pan—slowly so that the duck fat has a chance to run out. Press the duck down into the pan and turn it as necessary until the skin is a rich golden brown all over.

Transfer the duck, breast down, to a heavy-based flameproof casserole, preferably oval. Pour on the stock, cover and simmer gently for 1 hour 20 minutes.

Turn the duck breast side up. Add the shredded lettuce, the chopped spring onions, the peas, a sprig of mint and a good seasoning of salt and pepper. (If using frozen peas, wash the frozen glaze off them first: put them into a bowl, pour on boiling water and leave for 30 seconds before draining well.) Tuck the vegetable mixture down into the juices all around the bird. Cover the casserole again and simmer very gently for a further 40-50 minutes until the meat is succulent and well cooked and the vegetables are tender and swollen with the duck juices.

Transfer the duck to a warmed serving dish, arrange the drained vegetables around it, cover and keep hot.

Let the cooking liquor stand in the casserole for a minute of two so the fat rises to the surface. Then, using a bulb baster and plunging it deep into the casserole, draw off a generous ¼ pt of the fatless juices. Fast boil them briefly to concentrate the flavour if necessary.

Away from the heat, stir in 2-3 tablespoons Greek strained yoghurt or, for a richer and thicker sauce, 2-3 tablespoons thick cream beaten with 1-2 egg yolks. Blend and reheat very gently to prevent curdling. If using an egg and cream liaison, stir continuously until the sauce is slightly thickened. Add lemon juice, salt and pepper to taste, and serve in a sauce boat garnished with a fresh sprig of mint.

Philippa Davenport

BOOKS

A promising prince

HENRY PRINCE OF WALES AND ENGLAND'S LOST RENAISSANCE
by Roy Strong. Thames and Hudson, £12.95. 264 pages

WHEN, on April 6 1603, James I and VI crossed the River Tweed and entered his new kingdom, he cut an odd and unimpressive figure. A shortish person, who looked somewhat clumsier and stouter because he wore a padded undergarment, and whose "walk was ever circular, his fingers ever in that walk fiddling about his cod-piece," he had unpleasant table-manners, and gobbled his wine as if he meant to crunch the glass.

Still, he was erudite, being especially versed in demonology and witchcraft, fond of hunting and of the exotic animals with which he stocked his royal parks, and not averse from plays and pageants. Moreover, he had begotten three children. When he succeeded, Henry, his heir, was nine years old, his daughter Elizabeth six, and Charles, the future sovereign and "martyr," just three.

Of these, Henry was clearly the most promising. That same summer, at Windsor where he attended the Garter Ceremony, his "quick wittie answeres, pryncely carriage, and reverend performinge his obeyance at the altar," produced an admirable effect; while, in 1604, during his father's state entry of London, he appeared "smiling and overjoyde to the people's eternall comfort," and "saluted them with many a bende" unlike the King himself, who throughout the long procession wore an air of stolid patience.

Once his parents had established their new court, Henry soon began to do them credit, danced gracefully in one of Ben Jonson's masques, and gained further distinction—he already showed a martial spirit—by his gallant behaviour in the tilt-yard. Although his attitude towards the King was properly respectful and obedient, father and son can seldom have possessed more completely different natures. James made no attempt to disguise his paederastic inclinations; his Danish Queen was a frivolous gadabout, devoted to dancing and personally appearing in a masque or play; and their Court was notorious, particularly at Christmas and the New Year, for tipsiness and general licence.

All this, though he refrained from open criticism, evidently shocked the Prince; and his own household he ruled with considerable strictness. He insisted, his admiring Chamberlain told the Tuscan envoy, that every kind of feast "should pass with decency and decorum, and without all rudeness, noise or disorder." Swearing was fined; and even on the ships that his servant Thomas Bulton chose and fitted out for a voyage to explore the North-West Passage, "religious care," he announced, must be maintained throughout the whole vessel, and quarreling, drinking and "lewd behaviour" be rigorously repressed. He did not, however, neglect fashion, since it befitted a personage of royal blood, and "loved to goe handsome and well-cloathed," but disdained, on the other hand, "any manner of superfluity or excesse."

Nor, so far as his attendants could see, was he ever in the least addicted to the pleasures of amorous intrigue, and, amid all the temptations his parents' Court offered, was thought to have remained resolutely chaste. "His affection and passions," wrote Francis Bacon in a biographical sketch, "were not strong, but rather equal than warm"; and his present biographer is inclined to believe that he was "basically a cold, withdrawn character." dominated by his ambitions and ideas and an almost alarming taste for self-improvement.

Had he succeeded to the throne as King Henry IX, what would have been his effect on the course of British history? Similar speculations many historians avoid. But, in his carefully documented book, Sir Roy Strong makes two interesting guesses. On the one hand, he suggests, Henry, having a sharper, better-balanced mind, might have somehow circumvented the conflict between King and Parliament that, under Charles I, led to the disastrous Civil Wars. On the other, he admits that Henry's secret ambitions might perhaps have plunged the country into a fearsome European struggle, when he became the leader of a Protestant coalition—he was always fiercely anti-Catholic—against the Papacy and Habsburg Empire.

"There were indeed in the Prince," observed Bacon soon after Henry's sudden death at the age of 18, "some things obscure and not to be discovered . . . ," a statement with which the letter-writer John Chamberlain agreed: "His papers showed him to have had many strange and vast conceits and projects," which may possibly have included a dream of opposing and defeating, or at least curbing the strength of, the belligerent Catholic powers. He envisaged himself as Europe's Protestant hero; and in that capacity he might well have proved an extremely dangerous British ruler.

But the hopeful Prince who never ascended the throne, as Roy Strong successfully demonstrates, had a much more sympathetic aspect. He also dreamed af launching a British Renaissance. During the 16th century, England's literary and artistic civilisation had fallen far below the European level; Nicholas Hilliard was our only original artist; and the huge palaces Henry VIII had raised with the help of foreign craftsmen, though imposing and splendidly furnished — the splendour of the English Court was famous — contained no statues or pictorial masterpieces that could rival those of Europe.

Henry attempted to reverse the balance; he collected pictures, statues and objects of virtu, and did his best to build up an impressive library through all connoisseurs he could assemble. European sovereigns and governments, too, showered him with welcome gifts, canvasses, princely suits of armour, antique gems, and —an acquisition he especially prized—a series of bronze statuettes after Giovanni da Bologna.

The pleasure he took in that last gift shows Prince Henry at his best. Elsewhere, both from Roy Strong's account of his doings and from the portraits reproduced, we have the impression that, with his large bony forehead, small tight mouth and cautious, hooded eyes, he may have somewhat resembled a cool young 20-century executive, who keeps his feelings under firm control. But, when he received Bologna's statuettes of a horse—the first, by the way, to reach this country—he exhibited genuine emotion; and, seizing one of them, he kissed it.

Detail from a 1612 engraving of Prince Henry by Cornelius Boel

His brother Charles, whom he loved but did not greatly esteem—"If my brother is as learned as they say," he had once remarked, "we'll make him Archbishop of Canterbury"—must have noticed his response; for, when, during the early winter of 1612, the Prince lay stricken down by typhoid, Charles entered the sickroom, carrying the same statuette, and pressed it into Henry's hand. Photographs of two such horses, which certainly deserved the Prince's affection, can be admired in the penultimate chapter of Roy Strong's highly interesting book.

Peter Quennell

Moral in metaphor

Fiction

THE SHRAPNEL ACADEMY
by Fay Weldon. Hodder and Stoughton, £8.95. 186 pages

A BIT OF A DO
by David Nobbs. Methuen, £9.95, 344 pages

THE BRIDGE
by Iain Banks. Macmillan, £9.95. 259 pages

A MATTER OF HONOUR
by Jeffrey Archer. Hodder and Stoughton, £9.95. 350 pages

WITHOUT WISHING to alarm you, it should be said at once that three out of these four novels seem likely to be among the best published in the UK this year.

That is not necessarily to say that they will be widely read and discussed, still less that Fay Weldon, David Nobbs and Iain Banks will enjoy significant commercial success — though these are consummations devoutly to be wished.

Fay Weldon, resident literary specialist in moral fables for our time, in particular for feminist stargazers, shifts her ground—or, rather, quicksand—in her tenth novel. The Shrapnel Academy is one of those quasi-scholarly, well-funded, carefully discreet institutions whose purpose is to play games—military men and assorted maniacs call them "war games"—which tend to lead to the likes of "Star Wars."

To the Shrapnel Academy (named in memory of Henry Shrapnel who invented the exploding cannonball in 1804) come suitably distinguished guests and, in an amalgam of administrative incompetence and random coincidence, some distinctively unsuitable ones. A stately march of ceremonial hospitality progresses towards the delivery, by General Leo Makeshift, of the annual Wellington Lecture. But what actually happens is a metaphorical Armageddon: world war à la Weldon, strategically planned and launched by the force upon which all such grand, ceremonial nonsense conducted in grand, ceremonial style inevitably depends: the servants.

Drawn from countries of the Third World, led by one Acorn Jeffreys, a young African revolutionary earning his living as a perfectly acceptable butler, the servants and their secret lives are Fay Weldon's metaphorical Us—teeming in huddled masses belowstairs—against the ubiquitous Them—our political militarist masters —screened from reality by complacency and an absence of doubt the more terrifying for being commonplace. A simple thriller narrative measured out in prose mercilessly polite shows a hall of mirrors at once hilarious, horrible, pitiable, and not so very distorted.

David Nobb's metaphor of dismay and confusion is represented in a sequence of social ceremonies characteristic of a stratum of "ordinary" English life as she is lived north rather than south of Watford. It is less ambitious than Fay Weldon's. But it is no less powerful, and certainly more substantial in characterisations and rich detail of human response. Where Fay Weldon's fables are Grimm, David Nobbs's show the discreet charm of the bourgeoisie, *petit* as well as petty: the fearful snobberies which distract aspiring, relatively decent men and women from the realities of English power structures.

The novel's sub-title is "A Story in Six Place Settings." Its "do's" are celebrations: a white wedding, a dinner dance, the angling club Christmas party; invitations, tinkling glasses, and some of the best English dialogue now being put between hard covers as well as into television scripts featuring Reginald Perrin. The theme here is adultery, with all its attendant humiliations and loss. In David Nobbs's hands it is no hackneyed theme. His book is very funny, and very sad, and he fights the feminist fight under the same banner as Fay Weldon, if you look.

Iain Banks, late of The Wasp Factory and Walking on Glass, has produced a third novel which reinforces the suspicion that in every way he is getting better and better. "I'm going to be more of all that stuff; I'm just going to be a bit more *careful* in future." A powerful imagination, expressed in language remarkable for richness and precision, develops this first-person narrative of a man in coma following a car crash. Such consciousness as remains to him is pegged to the image of a bridge—probably the Forth Bridge, here swathed in fantasy overlaid with flashbacks of reality as John Orr fights for life last seen "leaking away on to the road."

The story line, jagged but admirably coherent, spans six months of amnesia, the brain swaying on a bridge between oblivion and recovery. Below a complex superstructure of incident, lively characters, working class Glaswegian dialect, the RP of intellectual debate and the language of the heart translated into scenes of vivid tenderness and eroticism, there emerges the clear outline of an individual life; its personality, geography and spiritual strength. Readers prepared to cross Iain Banks's bridge with him will find a marvellously exciting novel.

As a matter of honest criticism, it must be said at once that Jeffrey Archer's latest book, A Matter of Honour, is more difficult and more disturbing to read than any work so far written by either Fay Weldon, David Nobbs or Iain Banks. Mr Archer writes in English, but only just; so many sentences read so oddly on the page—"When Romanov left Banks 30 minutes later behind a tree with a broken neck he reluctantly admitted that the young pilot officer had been as brave as Vachek" — that efforts to unravel the sense diminish stamina for a plot featuring a Russian icon of St George and the Dragon that had once belonged to the last Tsar. "Now the Russians want it back, having discovered its secret which could change the balance of world power."

Conscientious readers should be warned that Mr Archer's syntax has spread to his blurb writers like athlete's foot, and could be infectious as well as contagious.

In the holiday season especially there is much to be said for the thrilling thriller, the rattling "good read," the blockbuster picked up at the newsstand to while away the journey and earn its keep by mopping up an excess of suntan oil. A Matter of Honour is none of these.

Utterly lacking in energy, it is fatally dull: awash with scenic descriptions of car parks and details of airport check-in requirements. The quality of language is such that we might reasonably suppose that Mr Archer learned English with the help of that notorious phrasebook, English As She Is Spoke—a publication allegedly prepared for Portuguese travellers to these shores. By whatever means he learned it, he has not yet learned to write it. The mystery is that he sells a lot of books.

Gay Firth

Fay Weldon: in front of the servants

A poetry to serve a people

THE NEW OXFORD BOOK OF IRISH VERSE
edited by Thomas Kinsella. Oxford, £12.50, 423 pages

THE FABER BOOK OF CONTEMPORARY IRISH POETRY
edited by Paul Muldoon. Faber & Faber £10.95 (£5.95, paperback) 415 pages

THE Oxford Book of Irish Verse has been long in need of replacement. As one would expect from a poet renowned for his translations from the Irish, Thomas Kinsella has laid great emphasis in The New Oxford Book on the importance of poetry in the Irish language, a poetry which, as he says, ". . . served its people, in whatever ways a poetry does, for a thousand years before the curse of Cromwell fell upon them, and it, and which for some hundreds of years afterwards flourished in decline."

From the nineteenth century onwards the native tradition has been plundered by poets writing in English, with results as diverse as Thomas Moore's Irish Melodies, James Clarence Mangan's "versions" (translations made without first-hand knowledge of Irish) and some of both the best and worst of Yeats. But the most important and fruitful influence of the Irish tradition has been a more subtle, even insidious operation, whereby certain themes and images, a certain diction, a certain technical formality immediately identify contemporary poets such as John Montague, Seamus Heaney and Derek Mahon as a living part of that same tradition.

For a practical demonstration of the Irishness of Irish poetry across the centuries in its many beautiful manifestations, one can turn with confidence to Thomas Kinsella's selection. Kinsella has done much to bring lesser known Irish poems to the notice of the non-Irish speaking public, and has produced a substantial body of original work. He is also a well-respected academic, holding the Professorship of English at Temple University in Philadelphia.

However, any major new anthology is bound to provoke a certain amount of controversy. In this case I believe that there are few people who would blame Kinsella for over-correcting the balance towards Irish poetry in translation at the expense, mainly, of the eighteenth and nineteenth century "Anglo-Irish." But many, I think, will share my initial reaction of shocked horror on discovering that, with two minor exceptions (Mangan and Pearse) every single translation from the Irish is by Kinsella himself.

He says in the Preface that because of the unevenness and inaccuracy of many existing translations, "for the purposes of comparison and general usefulness it seemed better to use all new translations: these transmit the essential contents of the orginals in their major basic rythms." This may please the purists, but it will not please those who already know uneven and inaccurate translations.

Instead of Frank O'Connor's highly acclaimed rendering of Brian Merriman's long narrative poem, The Midnight Court, in rhyming couplets, we have Kinsella's blank verse. True, one gets a better idea of the use of language in the original through Kinsella, but it does not satisfy as a poem in English. Similarly, Robin Flower's version of Pangur Ban, one of the most delightful monastic poems, is memorable as poetry in a way that Kinsella's is not:

"I, and Pangur Bán, my cat,
'Tis a like task we are at;
Hunting Mice is his delight,
Hunting words I sit all
night" (Flower)

"I myself and Pangur Bán,
we each have our particular skill.
His mind is fixed upon the
hunt, mine upon my
chosen craft." (Kinsella)

However, some of Kinsella's translations are excellent — I especially admired his St Patrick's Breastplate. There are many gems from Irish poetry of the 16th and 17th centuries that were new to me. As one moves on to the 19th and 20th centuries (less Kinsella, more originals in English) the coherency of the Irish poetic tradition and its unique qualities become, as they should, ever more obvious. In the end I found myself agreeing intellectually with Kinsella's decision to exclude other translators, while raging at him emotionally for not making a few more exceptions to the rule.

Much praise must be given to the explanatory and biographical notes which are grouped at the back of the book, always appropriate in spite of the complications caused by two languages and by the close relationship between Ireland's history and her poetry.

Kinsella's selection of contemporary poets is limited by space, and, as is probably wise in such an anthology, his choice errs on the safe side, the three youngest poets being Derek Mahon, Seamus Deane and Michael Hartnett (all b.1941). It is, nevertheless, a rich and exciting part of the book, a perfect appetiser for the Faber Book of Contemporary Irish Poetry.

This is a very odd anthology indeed, but none the worse for that. There is no introduction to explain the editor's intentions, just the transcript of a short discussion between F. R. Higgins and Louis MacNeice broadcast in 1939. Higgins is trying to get MacNeice to agree to some rather ludicrous ideas about the "blood-music" of Irish poets, but MacNeice, very sensibly, will not be drawn.

Then, instead of a fair and representative selection of contemporary poets major and minor, Muldoon has chosen to give a generous selection from the work of only 10 poets who, the dust jacket tells us, are judged to be "the most consistently impressive Irish poets after Yeats." It's rather like having ten volumes of Selected Verse on the shelf instead of an anthology.

The chosen few are Patrick Kavanagh, Louis MacNeice, Thomas Kinsella, John Montague, Michael Longley, Seamus Heaney, Derek Mahon, Paul Durcan, Tom Paulin and Medbh McGuckian.

Alannah Hopkin

Seamus Heaney: "One of the most consistently impressive Irish poets after Yeats"

In the covers

ALTHOUGH 1986 may not prove an outstanding cricket season, it has already underlined the extraordinary popularity of cricket books, because never before have so many been published. As publishers are not noted philanthropists there clearly must be a market, and one certain best seller is the **123rd Wisden Cricketers' Almanack,** edited by John Woodcock, and at £14.50 hardback with 1,296 pages provides the best value in terms of volume. It provided one surprise. For the first time I failed to recognise instantly one of the five cricketers of the Year, Phil Bainbridge, and it took me even longer to name his county.

The pocket-sized **The Playfair Cricket Annual,** edited by Bill Frindall (Queen Anne Press, £1.75), remains an essential part of any cricket-writer's equipment while the same publishers have produced a fascinating reference book though one in which I pray not to feature for sometime. **The Wisden Book of Obituaries 1892—1985** has been compiled with loving care by Benny Green and contains the cricketing bones of no fewer than 8,614 whom Wisden judged to warrant a posthumous mention. Occasionally one wonders at the judgment and sometimes at the text.

Although **Twin Ambitions** by Alec Bedser (Stanley Paul, £9.95, 217 pages) is closer to a personalised inside story of his 40-odd years in first class cricket than an autobiography, it is full of interest.

Alec was a great international bowler, managed three England overseas tours and served as a selector, and as chairman of selectors for around two decades. Distinctly conservative, he holds strong, rather predictable views on many aspects of the modern game, including overseas cricketers, slow over-rates, standards of behaviour, limited-overs cricket and the advantages of an amateur skipper.

In addition to the normal big home crop of cricket books, plus the ghosted autobiographies and hastily penned tour-accounts, there is an unusually large overseas quota. From India comes a **Maidan View** (George Allen & Unwin, £11.95, 175 pages) in which Mihir Bose expertly examines the development of Indian cricket. The game has captivated what Mihir calls "Middle India" consisting of some 200m, who enjoy a life style which, though different, is as good, and in some respects superior to that of most Europeans. This is the section which has subsidised cricket. Not surprisingly neither the passion, nor the players are to be found among the 600m existing in poverty.

From Australia comes **Trumper** (Hodder and Stoughton, £12.95, 253 pages). Peter Shrimpton has written a definitive biography of the Lochinvar of Australian cricket. It has been beautifully, and lovingly researched but some of the extracts of long forgotten matches lack the colour of the subject. Nobody disputes the genius of Victor Trumper's batting, which is more than substantiated by his contemporaries, but did Aubrey Faulkner really send him down three consecutive yorkers, which Trumper promptly dispatched to the on boundary underneath his raised left leg?

The memoirs of Australia's longest serving, and best known cricket-commentator Alan McGilvray who had also been a first-class cricketer could not fail to be interesting. **The Game is not the Same,** as told to Norman Tasker (David and Charles, £9.95), takes the reader on an essentially civilised cricketing tour of Alan's life, but his fascinating life deserves more than 188 pages.

Trevor Bailey

CRIME

HARDBALL
by Douglas Hornig. Macmillan. £8.50. 209 pages

SAID THE BLIND MAN
by Jenny Oldfield. Macmillan. £7.95. 192 pages

DOUGLAS HORNIG'S Hardball is the latest in Macmillan's successful series of imported American private eye stories. Loren Swift, the protagonist, is [illegible] Charlottesville, Virginia, where you would think an investigator would have little to keep him busy. In fact, as the story begins, Swift is considering changing professions (also because he has recently had a rough experience); but, to pay back the local sheriff for past favours, he takes on what seems a simple assignment. It is not simple, and soon involves also his attractive girlfriend and her brother. Though the story has plenty of action, Doug Hornig takes his own time telling it, allowing himself amusing digressions about baseball, the South, computers, and other subjects.

Jenny Oldfield makes a promising debut in Said the Blind Man. Judi Dawson, small-town reporter, is endowed with a healthy curiosity, which gets her into an unhealthy imbroglio. She is an engaging character—it would be nice to meet her again—and her story is told with dash and skill.

William Weaver

Help at low level

THINKING IN TIME: THE USES OF HISTORY FOR DECISION-MAKERS
by Richard Neustadt and Ernest May.
Free Press (Macmillan Inc. New York) $19.95 329 pages

THIS STUDY results from a decade of teaching senior public officials at Harvard's Kennedy School of Government how to apply the lessons of history in making decisions. The purpose of the book is didactic and practical. The authors seek to establish a series of "mini-methods," mostly questions to be asked, derived from a study of some 30 case-histories from the recent past which will at least marginally improve the level of decision-making in the future.

Neither writer is an ivory tower idealist; Ernest May is one of the country's premier diplomatic historians with considerable consulting experience in Washington, DC, while Richard Neustadt, the author of Presidential Power, a well-known and indispensable book for students of American government, has spent a good portion of his career in public service.

In sharp contrast to British practice, interchanges between academic and governmental circles are frequent in the United States and the belief in self-improvement through education at any age strong in the American tradition. Neither writer assumes a high level of historical literacy on the part of their readers nor do they aim at more than minimal improvements in performance. But they do believe that the ability to use historical analogues intelligently and to "place" individuals and organisations within relevant frameworks can be taught and that decision-makers can be alerted to the need of looking at problems as part of a continuous "time stream" with past histories and future consequences.

These "mini-methods" owe something to the massive work done in the United States in the fields of decision-making, crisis management and bureaucratic politics but are based primarily on a consideration of historical examples of good decision-making, the Cuban missile crisis and Reagan's rescue of Social Security in 1982 and a whole series of poor or disastrous decisions, most, though not all, from the post-1945 period. The authors' approach is to use the historical evidence to convince their readers of the importance and applicability of their recommendations.

There is almost no analytic jargon in these pages: indeed thereis a tendency to simplify, underline and repeat the basic points so that they are pellucidly clear. Though there is much new and fascinating material on personality clashes and intra-departmental feuding and confusions, new light on decisions in Korea and Vietnam and on Skybolt and Salt II, this book presents only the tip of the historical iceberg. The case-studies used to teach students how to approach and apply the "lessons of the past," are not included though they are available. The historical material given here, interesting in its own right because of the authors' reasearch, experience and contacts, is clearly subordinated to their primary didactic purpose.

It is only in the final chapters that the writers return to the traditional defence for studying history (so disliked by some Oxbridge professors), the applicability of past experience to present practice. Indeed, Thucydides heads a small list of recommended books which extends from the ancient historians to the memoirs of Henry Kissinger selected not only for their excellence but because they are "stories well told."

Neustadt and May make only the most modest claims for their professional discipline; reading history may encourage that thinking in time streams which they are trying to inculcate in their readers. They seem to have more confidence in the ability of men and women to learn how to apply their suggested "mini-methods" than in the possible acquisition of that historical and cultural framework which might lead to similar results.

One is far more shocked by the authors' underlying assumptions concerning the educational poverty of those for whom this book is intended than by the examples of historical misreadings in past decisions. Certainly few Europeans can claim that the traditional education of the past led their rulers to avoid some of the mistakes cited here though a case might be made that the long years of the *Pax Britannica* owned something to the "liberal" education which was the mark of the 19th century British élite. But what is frightening, and it comes out too in the recent memoirs of David Stockman, is the level and approach considered necessary to encourage habits of mind and thought in people whose decisions affect not only the lives of their own countrymen but those of men and women all over the globe.

One is thankful that Professors May and Neustadt have taken on this educational task even with regard to the small groups whom they teach, but one wonders whether the short-cuts suggested in these pages can really compensate for defects which seem to have been the educational price paid for the enormous success of the country in so many other respects. It is not the analysis of past decisions which make this manual for self-improvement so depressing, it is the implicit view of the audience to whom it is addressed. At the least, this book more than amply illustrates the degree to which all our leaders misread and misuse history though this reader found even the limited hopes of the authors for future improvement overly-optimistic.

Zara Steiner

• ARTS •

High summer of the Baroque

NEOPOLITAN drama and exuberance returns to the London gallery scene this summer with Matthieson's important exhibition *Baroque III, 1620-1700*. Matthieson's continuing survey of Italian painting through works from private collections has reached the high summer of Baroque, and the emphasis has shifted from Rome to cities throughout Italy and into the Low Countries and France. Patrons sought works in the grand style to cover acres of bare walls in their new palaces and villas, and nowhere more so than Naples, second largest city in Europe after Paris.

Not a single gruesome martyrdom is to be seen and no bloody murders, which may come as a surprise after the vicarage tea-party reaction of many critics to the Royal Academy's great exhibition of four years ago, *From Caravaggio to Luca Giordano*. A nasty blend of sadism, religiosity, and eroticism was singled out as the hallmark of full-blown Neopolitan Baroque. Naturally, we find many of the same names at the Matthieson: Cavallino, Artemisia Gentileschi, Mattia Preti, and Luca Giordano, to take only the best known. Yet the subjects move from still lives to mythology and devotional paintings without ever evoking those dubious shadows.

True, *Paolo Finoglia's* St John the Baptist is a sensual youth fully in the Caravagio tradition of "Young persons, promising but depraved," in the words of Sir Ellis Waterhouse, the scholar of the Italian Baroque to whose memory this exhibition is dedicated. However, far more questionable is Salvator Rosa's A Scene of Witchcraft, but like the National Gallery's recently acquired Witchcraft picture, this belongs to Rosa's Florentine years. Some patron there must have shared Rosa's bizarre taste, but whose idea was it to paint the cavorting hags, corpses and friars on polished slate?

Altogether more appealing is the large, golden Salvator Rosa of A Beggars' Encampment. It shows the ragged rabble at home among the grandiose ruins of antiquity as they prepare with a yawn and a stretch for their day of thieving and begging. Again, Rosa's originality shows in the twist he has given to the theme which patrons expected, of hard-working peasants.

Upstairs are some very grand and some very attractive paintings, and to my taste only one was both: David Playing the Harp Before Saul, by Mattia Preti. It is a huge canvas from Preti's Neapolitan period, although Veronese is the first influence which comes to mind. This newly discovered Preti *makes a pair with his Feast of* Absalom, which came to the Royal Academy four years ago. David holds his audience spellbound, from the blackamoor page to the marvellously grizzled old soldier. Unfortunately, Saul's sombre face hardly shows in the gallery but the catalogue, *indispensable* on other grounds and sold in aid of the National Art Collections Fund, fills in the brooding monarch.

A vast Luca Giordano of Venus Mocking Pan will have many admirers, though I found its strange, indeed indecipherable subject, rather menacing. However, for elaborate subject-matter the prize goes to the third of the art-historical high points of this exhibition, Bernardino Mei's Alexander the Great and the Fates. Artists had such a vast repertoire of Alexander subjects, from battles to submarine adventures in a basket, that it seems extraordinary for Mei to devise a totally unheard-of scene. However, here apparently we see notions of fame, mortality, and immortality through patronage of the arts, concocted to please the ailing Pope Alexander VII. Patronage and power make a typically Baroque mixture, but a lumpy composition.

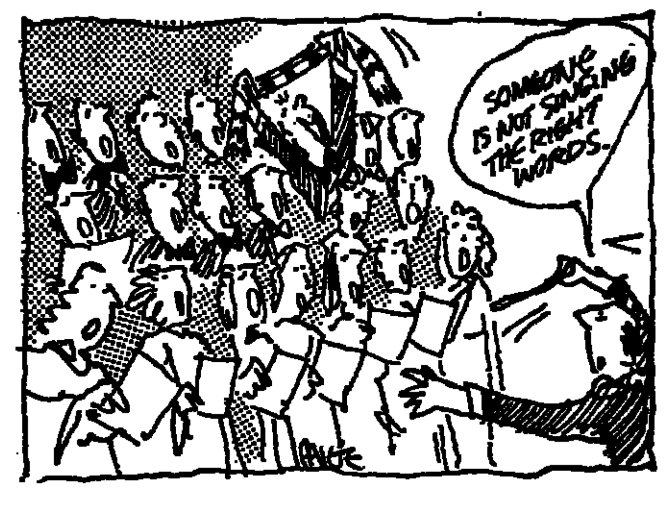
All these paintings are for sale, which gives *Baroque III* a different feel from Matthieson's Ferrares exhibition of a *few years ago. Prices* are not to be revealed to Grub Street, so I shall never know how much I would have needed for the Rosa Beggars, or two superb but totally dissimilar devotional paintings. One, by Guido Reni, shows St Francis adoring the Cross and has recently been shown to be the original of half-a-dozen of this subject. The tones are sand and ivory, the effect from a distance muted, yet wait a while and St Francis's reverie creates a formidably intense mood.

Piety of a quite other kind is suggested by Simon Vouet's tondo of The Virgin and Child, a charming picture in which the Madonna gazes with great tenderness at her lively little boy whose attention is fixed on something—probably Someone—beyond the picture. Not far away *hangs* work by a painter who had considerable influence on Vouet, Artemisia Gentileschi, these days painter By Appointment to the feminist movement. Cleopatra has expired elegantly on her couch, but her eyes have rolled upwards and her marble flesh *against the shadows already* looks death-like. Behind stand the maid-servants, who have just parted the curtains and are frozen in horror; a theatrical moment yet one of real feeling, and therefore throughly Baroque.

Patricia Morison

Detail from Artemisia Gentileschi's "The Death of Cleopatra," one of the works in Matthieson's Baroque III exhibition

A chorus of gifted amateurs



GUSTAV MAHLER was not given to understatement. "Imagine that the whole universe begins to vibrate . . ." he *wrote of his 8th Symphony*; clearly he didn't give a diminished fifth about the cost of cosmic stimulation. In New York, where the symphony was given its second performance in 1911, it took 1,000 musicians to make the earth move.

A mere 600 will assemble on July 18th under the baton of Lorin Maazel, when the *Symphony of a Thousand* opens the 1986 Promenade season. But it is just as well for the BBC licence fee that two-thirds of those taking part—the choral singers—will be performing unpaid.

Amateur choirs have a sound tradition in Britain, perhaps deriving from the 1784 *Messiah* which gathered nearly 300 singers and an orchestra of 250 in Westminster Abbey, to commemorate the 100th anniversary of Handel's birth. (It was actually the 99th, but they got the date wrong.) Today there are nearly 750 choruses —118 of them in Greater London—affiliated to the National Federation of Music Societies, with memberships ranging from 22 to over 300.

There is no such thing as a typical choir. They vary in size, scope and administrative structure, from the great "regionals" like Huddersfield and Edinburgh, and those affiliated to the major orchestras, to the "independents" like NELP, the Tallis, Choir, and the Brompton Choral Society.

What they all share is a membership of passionate commitment. Choral singing is, it seems, an addiction. "It's my weekly fix," declares one soprano, high on Bach's B Minor Mass. "It exorcises all your frustrations. When you're singing, you can't think of anything else." Another likens the exhilarating effect of a two and a half hour rehearsal to a thorough physical work-out. A sort of psychic game of squash, perhaps.

Such enthusiasm is certainly tested by the demands made on members. The London Philharmonic Choir rehearses twice weekly on a regular basis, and anything up to five times in the week before a concert. With more than 20 performances plus two major recordings in the past 12 months, conductor Richard Cooke rightly describes the pace as "frantic."

The musical demands are also intense—and increasing, as standards rise. In addition to obvious voice quality, most conductors *require a considerable* degree of musical literacy in their singers. For Gareth Morrell, director of the BBC Symphony Chorus, this is vital, in order to cope with the difficulties of a substantial contempory repertoire prepared at high speed for broadcast.

According to figures from London's South Bank, present audience attendances at choral concerts match and even exceed orchestral ones, averaging 71 per cent at the Royal Festival Hall and 57 per cent at the Queen Elizabeth Hall in the 1985-86 season to March. However *these figures* rise and fall dramatically according to the programme on offer. Choral audiences are conservative; the Bach Choir may draw an 80 to 90 per cent house for its Easter *St Matthew Passion*. But the figure dropped to 26 per cent in February this year when they presented a less popular programme, including a new work by Paul Patterson.

Michael Kibblewhite, conductor of NELP Chorus, takes a pioneering attitude towards repertoire. "Traditional audiences will come to traditional works," he says, but he refuses to accept that they will not come to anything else, or that there is no possibility of widening the audience base. At the Festival Hall last year he generated a 75 per cent house for a totally obscure work, "*Morning Heores*," By Arthur Bliss: and he is devoting the whole of NELP's 1986-87 season to an exploration of 20th century English music. "If the motivation is right, the spin-off is enormous," he says.

But the costs of concert promotion are high, especially in London. Choruses without the cushion of orchestral affiliation finance their seasons on the basis of budget deficiting, which would make a self-respecting monetarist blench. A Queen Elizabeth Hall concert with moderate professional resources would cost about £10,000. Even with high ticket sales, the financial shortfall is *unlikely to be less than £7,500.* The gap has to be filled by members' subscriptions, tireless fund-raising — many choruses are registered charities—dwindling grants from public bodies, and, increasingly, commercial sponsorship.

The dynamism and quality of *Britain's* amateur choruses is apparent. Ironically, Gareth Morrell thinks that sheer professionalism could be a danger to the amateur tradition. As the musical demands from orchestras, conductors and audiences become greater, chorus enthusiasm and a love of music-making are not enough. For this year's penultimate Promenade Concert, the BBC is for the first time assembling an all-professional chorus for the traditional performance of Beethoven's *Choral* symphony.

Is this a sinister pointer to the future? Richard Cooke thinks not. "On musical grounds one couldn't say it was a bad thing to do. But the standards of amateur choruses have risen enormously in the last 25 years. I don't think their future is in jeopardy. There's room in the world for all of us."

Marilyn Bentley

Radio

Health of the nation

RADIO 3's *Cheating the Prophets* on Monday was a thoughtful report on the progress of the Welfare State from its inception to the present day. The vision of universal equality, of all belonging to one great sodality, has faded. Class-distinction remains as the newly-educated post-war young are absorbed into the governing classes and the trades unions continue to preach the class struggle.

As fast as social progress is made it is overtaken by increasing, unexpected demands. The Beveridge committee knew nothing of one-parent families, the drugs plague, the requirements of ethnic minorities. As Sir Keith Joseph pointed out, the Marshall Aid that was meant to go on infrastructure was spent on fast alleviation, such as *housing*. The seven eminent persons gathered for the programme by Ken Young of the Policy Studies Institute had no common hope to offer.

The history and nature of Marshall Aid are being studied in three programmes, also on Radio 3, called *A Spark to Fire the Engine*. Between 1948 and 1952, America gave $13bn to reinvigorate the desperate European countries (and would have included the Eastern European nations if Stalin had not prevented it).

As next week's final programme in the series shows, Marshall Aid ended its original intentions at the time of the Korean War in 1950, when *emphasis shifted* to *military* considerations. All that, however, next Thursday, when the series, presented by John Major with contributions from relevant experts, is concluded.

A series of 15-minute talks on visits to African cities began on Thursday afternoon on Radio 4. The visitor is a Jamaican, Ferdi Dennis, and it is interesting to hear reflections that are not coloured by British conceptions. He spoke warmly of Nairobi's skyscrapers, traffic-lights and discos, all unknown when I was there. In a disco he met a "tall, slim Masai" girl (and I'm ready to bet she wasn't Masai) who worked as what she called a free agent from a room she shared with three other girls. Besides westernised Nairobi, he also saw the slums of Mathari. It was an interesting talk, but if Mr Dennis had stayed longer he would have had more to say.

I have heard the first two bits of Brian Redhead's *The Good Book* (Radio 4, Saturday evenings) and shall hear as much more as I can. The principle is to take those sceptical questions about the Bible that we all know, "But can you really believe" this and that, and to submit them to experts for comment. The *bias so far* is towards faith. What can not be believed can be explained, *must* be explained even. The voice I miss so far is the voice that says, "It's just a load of rubbish" — a foolish voice, no doubt, but one that has to be catered for.

B. A. Young

Records

Symphonic beginnings

Chaikovsky: Symphony No. 1. Oslo Philharmonic / Mariss Jansons. Chandos CHAN 8402 (CD, LP and cassette)

Chaikovsky: Symphony No. 3. Oslo Philharmonic / Mariss Jansons. Chandos CHAN 8463 (CD, LP and cassette)

Skryabin: Symphony No. 1. Stefania Toczyska, Michael Myers, Westminster Choir, Philadelphia Orchestra / Riccardo Muti. EMI CDC 7473492 (CD, LP and cassette)

Elgar: Symphony No. 1. Royal Philharmonic/Andre Previn. Philips 416 612 (CD, LP and cassette)

Lutoslawski: Symphony No. 3, Les Espaces due sommeil. John Shirley-Quirk, Los Angeles Philharmonic / Esa - Pekka Salonen. CBS IM 42203 (LP and cassette)

The consistency of the cycle of Tchaikovsky symphonies from the Islo Philharmonic under its principal conductor has been an unexpected pleasure. On the evidence of these recordings the orchestra seems a very fine one, at least the equal of any of its London rivals. It plays for Jansons with great alertness and concern for texture; even in the slightly cavernous acoustic of the Oslo Philharmonic Concert Hall every detail is made to tell. Jansons also may not be everyone's first idea of a Chaikovsky conductor, but the results he obtains in both these symphonies suggest otherwise.

His stance is a long way from the traditional, overtly sentimental treatment of Chaikovsky; there is no excessive moulding of phrasing, nor excitable accelerandi or extremes of dynamic. With the exclusion of unnecessary rhetoric comes a strong structural grasp, important in both these syphonies but especially in the Third, where the finale needs the most careful handling if it is not to become hopelessly inflated. Certainly such care and literalness diminishes the *scale of some movements*; the first movement and finale of the First lack the larger-than-life character that Von Karajan, for one, makes so effective here. But Jansons would probably argue that the gains of his approach are to be found in the clean-cut of his articulation, and the accuracy with which his orchestra negotiates the trickiest passages. The finale of the First, for instance, is remarkably deft.

Jansons has the Second, Sixth and (one hopes) the *Manfred* Symphony still to come in his cycle, but Muti's Skryabin series *is* only just beginning. The First is as good as anywhere to begin with Skryabin, and it's a work that is ideally suited to the clarity of compact disc, so that the enormous textural density can be conveyed with the minimum of congestion and distress. How anyone responds to the work depends, I would imagine, on their willingness to suspend a quota of symphonic disbelief for the sake of the expressive and lyrical rewards. For my part I find the price too much to pay, and cannot be convinced that the six movements genuinely cohere or that the vocal finale is a legitimate or necessary apotheosis.

With its distracting revelations of Skryabin's models—Wagner and Strauss, as well as fleeting reminiscences of Mendelssohn and Schumann — and an attitude to orchestral scoring that never uses one instrument when several would do the same job just as well, it must be a tricky piece to bring off in performance. Muti, who has shown a fondness for tackling the dinosaurs of the 19th-century symphonic repertory, is in his element, steering a fastidious course between indulgent exaggeration and inexpressiveness in *his use of rubato, and keeping* the sound buoyant even when total inundation threatens. Only the choral contributions in the finale are a shade timid, almost as if the singers themselves doubted the wisdom of ending such a succulent piece with such a finale.

There seems no doubt too that the new First Symphony of Elgar presages another cycle. Previn's Elgar has developed steadily over the years, but even so the general excellence of this account still comes as something of a surprise. Although Bernard Haitink's EMI recording still awaits transfer to compact disc, it remains for me the version against which all others need to be compared, and on that basis Previn and the Royal Philharmonic can be found wanting in one or two respects.

The control which Haitink exerts on the outer movements, to give both climaxes of magnificent power and sureness, escapes the new recording, though Previn charts their convolutions with great skill and an acute sense of idiom. I'm sure either that the Royal Philharmonic stands up against Haitink's Philharmonia in its command of the score; there is a lack of crisp finish to some outbursts, and a thinness of string tone in the Adagio. But these are very marginal differences; in the concert hall Previn's performance would be singled out for its assurance and ability to conceive each movement in a single, unbroken span.

Lutolawski's Third Symphony has taken just three years to reach record. Among contemporary orchestral works I would guess that it has received more performances than any score by a comparable composer, since Solti gave the premiere in *Chicago. Certainly* it has brought Lutoslawski to a much wider audience than any of his previous works had done. If to my mind that popularity has been achieved at some cost to the composer's freshness and musical curiosity, it has to be said that as a work of synthesis, *consolidating his technical* advances of the last 20 years and building upon them, it is most impressive and very hard to criticise on structural grounds.

Salonen's account with the Los Angeles Philharmonic underlines how cunningly Lutoslawski has brought his music within the ambi of orchestras firmly rooted in the traditional repertory, and how he manages to give the opportunity for virtuoso display of a thoroughly traditional kind. The account is not as incisive and brilliant as that which the composer himself extracted from the BBC Symphony at last year's Proms; but it is much, much more than adequate. The coupling is equally valuable: the setting of Robert Desnos, *Les Espaces du sommeil*, is one of the most haunting of Lutoslawski's recent works, a beautifully spare and expressive setting without a redundant note. The piece was written for Fischer-Dieskau, and John Shirley-Quirk sings it with a concern for the words and their meaning which the dedicatee himself could not have bettered.

Andrew Clements

Lieder laureate

THE EAST German baritone Olaf Baer first claimed attention in London in 1983, when he won first prize in the Walther Gruner Lieder Competition held every two years as part of the City of London Festival. Since then his career has prospered greatly, with two London recitals and a debut at Covent Garden, as well as the recent appearance of his first recordings for EMI. On Thursday he returned to the Merchant Taylors' Hall, scene of his initial triumph, for a performance of *Die schöne Mullerin* in the current City of London Festival.

Baer is still only 29, yet he emanates such maturity and *authority on the platform* that it is hard to imagine how he can possibly develop (as he surely must) over the next ten years. His voice is marvellously smooth, the phrasing instinctively elegant in a song like "Der Neugierige," yet he remains perfectly willing to use its youthful freshness when appropriate, as in the appealing impetuosity of "Ungeduld." Throughout the cycle he deployed his immense vocal adding too much stress to a word or syllable.

Perhaps that restraint was sometimes too pervasive. In slower songs rhythmic details were sometimes ironed out for the sake of smoothness, and contours were not always picked out as they could have been. There is a penetrating edge to the voice when required, marvellous in "Mein" and "Der Jaeger," but he used it too rarely. It would be cruelly unfair to describe any of the cycle as bland, but towards the end, and in "Des Baches Wiegenlied" especially, the tempo did seem a fraction slow, with the consequence that the beautiful tone wound the work down to its close just a little tardily.

But these are absolutely *miniscule qualifications* about a Lieder singer of quite outstanding distinction. In another hall, where less detail is swallowed in resonance, every element of his account might well seem totally right. Certainly the finer points of Geoffrey Parsons' accompaniment disappeared into the panelled ceilings; what remained suggested he was following his young partner with just as much attention and admiration as the rest of us.

Culturel shock

FRENCH theatre companies and state-subsidised art galleries are now beginning to feel the pinch of cutbacks in state aid for the arts.

Spending on the arts was substantially increased under the previous Socialist administration—as a result of the policy priorities of President Mitterrand and his energetic Minister for Culture, Mr Jack Lang. But since coming to power in March the government of Mr Jacques Chirac has begun to reverse this trend and to bring the arts budget into line with the overall cut-back of public expenditure.

State-backed theatres have been among the first to be forced to trim back their programmes for next year. Mr Patrice Chereau, one of France's best-known young directors, who runs the internationally known Théâtre des Amandiers at Nanterre outside Paris, describes the cuts as "brutal" and says that if the 1987 budget, as yet undisclosed, *confirms* the blow, "the very existence of the theatre will be called into question."

Last year Mr Chereau put on a joint production of Mozart's

de Bruxelles. The cuts of £257,000 for the coming season will mean the withdrawal of planned joint productions of other operas. He will still go ahead, however, with the co-production of *Le Suicide* by Nicholas Erdman with the Comédie de Geneve, as well as *hosting the Ensemble Contemporain's* performances of Messien's *Des Canyons aux Etoiles*.

Another company which could be affected by the cuts of £170,000 announced for all theatres receiving state subsidies is Peter Brook's Bouffes du Nord which last year mounted a much praised production of the Indian epic, *The Mahabharata*. The Paris Opéra says it does not expect its budget to be cut. But its admission prices are being raised by 20 per cent this year. Its coming *season opens* with the French version of Verdi's *Don Carlo*.

State aid to regional art galleries, administered by the Regional Funds for Artistic

Loucebourg at the FRAC in Aquitaine says this will curtail the purchasing of new works of art, an area which "flourished" in the past three years thanks to the former minister's generous subsidies.

In Paris, the Centre National des Arts Plastiques, set up by *Lang to commission works* from young artists, has been asked to make savings of £143,000. Commissions already placed will now have to be withdrawn as there is no credit to back them up.

As for President Mitterrand's programme of major monuments to be built in Paris, less has been abandoned than was generally expected. The cuts of £28.5m do however leave great uncertainty about when they will be finished. In particular, the decision by Mr Edouard Balladur, the Minister of Finance, to reoccupy the Ministry's traditional home in a wing of the Louvre means delays in the planned conversion of the whole building to a museum.

For the new opera house

are cuts of £14m, and the future function of the building remains undetermined.

Mr Francois Leotard, the new Minister for Culture and Communication, *has said*, however, that he will give priority to the upkeep of national monuments, an area that failed to benefit from the Socialists (who concentrated much more on contemporary artistic activity), and arts education (a traditionally weak area). But he *is finding it* difficult to follow in the footsteps of a predecessor who was popular in artistic circles and who launched many new initiatives. The annual *Fête de la Musique* on June 21 in cities throughout France, which Lang instituted in 1982, this year drew Ravi Shankar and the Russian conductor Rozhdestvensky to give free concerts in the capital.

By contrast Mr Leotard has been reticent about new projects and has been preoccupied with the unpopular task of privatising France's main TV channel, TF 1. The cuts he has made have already earned him the nickname *Le Lang des pauvres*.

WEEKEND FT

•SPORT•

Richard Evans reports on the battle to save Edinburgh's Commonwealth Games

Scotch on the rocks

IT IS ironic that just as the *financial clouds hovering over* the Commonwealth Games seem to be dispersing, the unpredictable impact of international politics takes their place. Can the Games, due to open in Edinburgh on July 24, still be a success?

On the political front, the organisers point out that if all black African states join Nigeria and Ghana in boycotting the Games because of Britain's attitude on sanctions against South Africa, there would still be more countries *and more athletes participating* than in any other Commonwealth Games.

Brave words. *But the reality* is that if more countries do join the boycott, the atmosphere of what has been billed as the "Friendly Games" would be badly soured.

In the past the Commonwealth Games have mostly avoided the political and commercial controversies of the Olympics. As one of the few visible symbols of the Commonwealth, they mean a great deal to its Third World members.

The intrusion of politics comes at a difficult time for the Games organisers, whose battle for commercial success seems likely to be a winner. The financial background to the Games *has* been fraught from the start, partly because the Government insisted they would have to be the first "privatised" games in the 56-year history of the competition.

No subsidy, it was decreed, was to come from central or local government, although Edinburgh City Council has *spent many millions* refurbishing the Games venues it owns like Meadowbank Stadium, where the main track and field events will be held.

The organising committee of the Games needed corporate sponsors, but progress was painfully slow and in September 1984 the CG Consortium was invited to try to pep up the sponsorship campaign. It has not been easy. The consortium, run by Robin Perry, seconded from Arthur Young the management consultants, and Maurice Griffiths from the *advertising firm of* Halls Advertising, a subsidiary of Saatchi & Saatchi, has been forced to reduce their target from £12m to around £8.5m.

As the Games budget has reached £14.1m this left a considerable gap to be filled by television rights, public appeals and ticket sales.

So far around £6.5m has been raised from sponsorship, with Guinness, following its takeover of Distillers, carrying the baton as lead sponsor. It is putting in £1.7m. Other sponsors come in many shapes and sizes, from Wang which will provide £300,000 worth of computer equipment and the electronics *scoreboard, to Godfrey Davis* Europcar, providing £200,000 worth of cars, to British Home Stores with clothing for Games officials.

Others who have put up anything from a few thousands to £1m for the benefits of advertising rights, hospitality suites, or mentions in programmes are Coca Cola, Royal Bank of Scotland, Nikon and Uniroyal.

But even with these successes, it seemed less than a month ago that there would be a shortfall of at least £1.5m in the Games accounts. The Government once more refused to underwrite any loss and the Games were heading for deep trouble. It was *at this point that the ubiquitous* Robert Maxwell, publisher of Mirror Group Newspapers, stepped into become chairman of the Commonwealth Games (Scotland 1986) Ltd, which is responsible for the finances.

Before doing so, he commissioned a study of the finances and prospects from accountants Coopers & Lybrand. It painted an even bleaker picture than expected, and estimated there would be a prospective deficit of £4.5m unless action was taken fast. It is this last minute scramble for additional funds *that is now under way, and* additional sponsorship opportunities for £2.5m have been identified and sponsorship packages have been put out to tender.

• The key quote from a Robert Maxwell press conference in Edinburgh yesterday was: "We are going to be able to pay all the bills." Whether there will be any surplus remains to be seen.

The big difference between Edinburgh and the 1984 Olympics in *Los Angeles* which set the comercial pace with a $250m profit, has been the television rights. At Los Angeles they were sold for $300m but at Edinburgh the BBC, the only bidder, acquired them for £450,000 over three years ago.

With hindsight this looks ridiculously cheap, but at the time the organisers felt they had little option. There were no other likely bidders and the Games had to be self-financing from the start.

Television coverage is, of course, the main carrot for sponsors. The BBC plans to put out 100 hours over the 10 days of the Games. Australia, New Zealand and Canada will take 120 hours and other Commonwealth countries will take one hour's highlights a day.

A late coup has been a contract with ESPN, the largest US sports cable network which will pipe one *hour of Games* coverage every day to 30m American homes. With all this *international* coverage, the plum advertising sites near the scoreboards and around the track will be seen by a lot of people.

Target for ticket sales at Meadowbank, which can accom*modate* 22,500, and satellite stadiums is £1.5m and around 80 per cent of the tickets already available to the public have been sold, although sales are slow for the opening ceremony. The public appeal has raised around £1.3m, and another appeal, with prizes, aiming to raise another £1.5m, will be launched in London on Monday.

Kenneth Borthwick, joint chairman of the Games organising committee, is confident that the gap will be bridged. But *fingers are crossed. These are* after all the 13th Commonwealth Games.

Tour de France

Wheeling and dealing

David Housego looks at a French family affair which is now a world spectacular

THERE ARE two records that stand to be beaten in this year's Tour de France, which is now heading down the Atlantic coast towards the gruelling climbs of the Pyrenees.

The first is whether Bernard Hinault, the legendary French cyclist, can pull off his sixth victory in the race—a performance so far never achieved in the 73-year history of the Tour and one that could be difficult to surpass in future, given the physical strain demanded of a rider over so many years.

In the eight stages so far that have taken the Tour from Paris *to Nantes in Brittany, Hinault* —leading the "La Vie Claire" team of industrialist Bernard Tapie—has held his distance from the front of the pack, with only the occasional spurt to show that he remains a force. *In the first few days he was also* suffering from conjunctivitis.

It will not be until the *Pyrenees that the riders will* shake out and the real duel between Hinault and Laurent Fignon—the other major French champion of recent years—will begin in earnest.

The second record is whether the number of television viewers watching the race will pass the billion mark, making *the Tour de France the most* popular annual sporting event across the globe, for the growth of TV coverage and of TV audiences has been explosive, climbing from 150m only three or four years ago to 800m last year.

Outside Europe the bulk of the growth has come from the US, *where cycling is making* strides as a sporting event, Latin America and increasingly *the Far East.* TV companies now see the Tour as a Dallas-style daily TV serial that fills the month of July with its record of drama, anguish, stardom and personal reminiscence.

Gone are the days when the Tour was simply a French *family affair.* Greg Lemond, the US *champion, has since* 1982 backed up Bernard Hinault in the La Vie Claire team, bought by Bernard Tapie for what at the time seemed a fabulous salary of $1m over three years.

There are teams from the US, Canada, Colombia, Brazil, China and Japan. Coca-Cola has taken over from Perrier as the *official drink of the event* —in line with Coca-Cola's ambition to be recognised as the official drink of sporting events. A Russian observer is following each lap of the tour —preparatory to a decision on whether the Russians and the East Europeans will enter teams next year—which would *mark a further milestone* in the international development of the race.

Along with growing international participation have come reporters and TV crews from around the world. *This year* some 500 to 600 journalists are tracking the tour through the 23 stages that will bring it back to Paris on July 27—a number that is inflated to 1,200 if camera crews are included.

A weary-looking Colombian sports writer from El Spectador told me at Viller-sur-Mer, where *the tour stopped on Tuesday* night, that his paper carried five pages a day on the race.

The TV companies have developed new techniques of coverage and presentation. The best camera shots increasingly come from motorbike cameramen, hanging perilously from the back seat and transmitting *directly to helicopters overhead* with onward satellite transmission. CBS of the US, faced *with the problem of interesting* a US audience in a French event, presents the race as a daily panorama of action shots, interviews, commentaries and film clips from past races.

The caravan that moves with the race is like an army on the march. At Evreux in Normandy, where the fifth stage began this week, *the municipality had set* up a vast bivouac in the town's main square. First to depart — almost two hours before the race begins — is a convoy of 360 publicity lorries or vehicles stretching from the go-go carts *carrying placards for Adidas* sports equipment to the cosy lions that are the brand image of Credit Lyonnais.

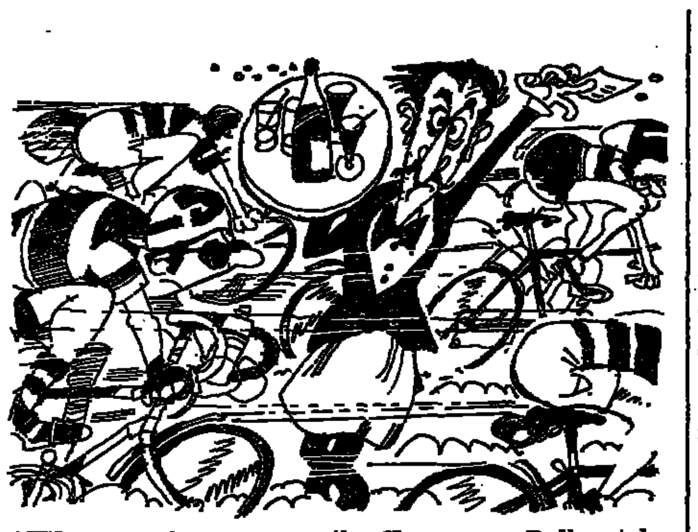
In the villages between Evreux and Villers the crowds were thick — with families setting up tables beside the road to transform the event into a day-long picnic.

Sponsoring companies spend between FFr 8m and FFr 25m to finance a team of riders over a year, for whom the Tour de France is the major race.

It is M. Tapie, the ebullient French businessman, who has *changed the face of sponsoring* of the race over three years—first of all snatching Hinault from Renault and then bringing Greg Lemond from the US. Tapie has been prepared to spend more on his riders, developing a "star" system and then promoting his team and products on a world-wide basis.

Sponsorship has also changed the nature of the race and the way it unfolds each day. A growing number of companies offer prizes for different laps on the Tour or for sprints and other tests that lace each day's *competition.* Other sponsors *encourage their riders to make* a breakaway during a day's event that will earn them a place in the headlines.

For the winner there is officially a prize this year of FFr 650,000—made up of cash, a flat by the sea offered by a property company, and jewels. In practice, the indirect returns are much greater. Hinault and Rignon are becoming businessmen in their own rights. Whichever wins the race this year—unless the yellow jersey is snatched by an outsider—can expect a memorable boost to their corporate affairs.



"TV companies now see the Tour as a Dallas-style daily TV serial that fills the monh of July with its record of drama, anguish, stardom . . ."

Cricket

Down, not out

IN THE third and most absorbing match of the series against India, which finished this week, England avoided the humiliation of losing eight Tests in succession by crafting an honourable draw.

Although England's per*formance at Edgbaston* was a big improvement on Lord's and Leeds, it showed little that was not already known. Indeed, big questions remain about our batting and bowling, for the match underlined the shortage of high-quality players available, other than imports, on the county circuit.

Overall, the low standard of so much of the bowling so far this summer has enabled some pretty ordinary batsmen to acquire a large number of easy runs.

The upheavals occurring in English Test cricket are illustrated by some surprising facts:

In the last year or so, 20 batsmen—all in their 20s or early 30s—have been chosen *for England and* discarded before they were able to command a regular place. This helps to explain why in 1986 Graham Gooch has already had six different partners.

Equally remarkable, England have picked 14 seam bowlers over a similar period, not one of whom has been able to establish himself as a regular. In addition, apart from Nick *Cook, it is hard to think of a* slow bowler who has not been playing for less than two decades who is ready to challenge for a Test place.

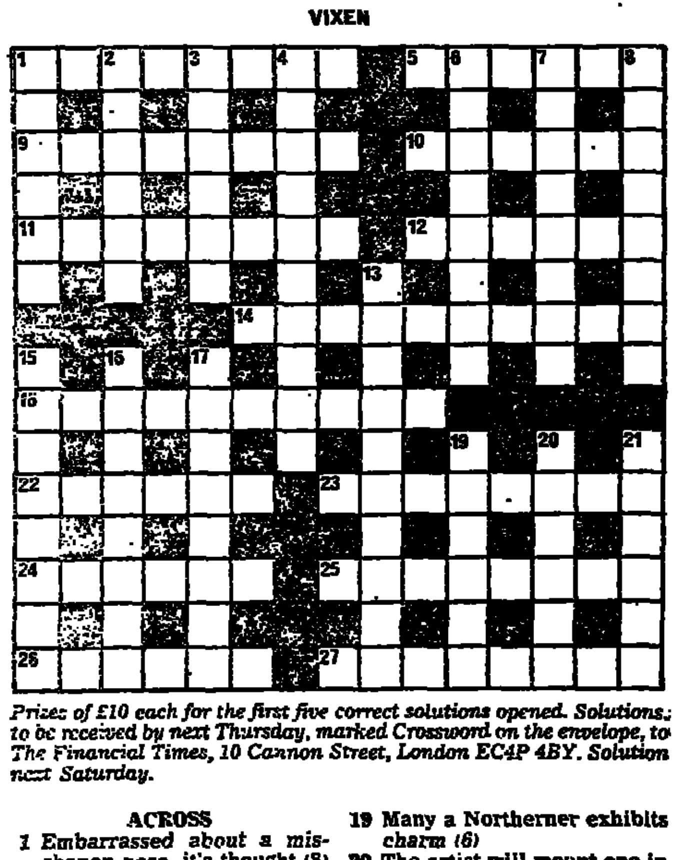
Mike Gatting's undefeated 183 against India in the third Test was hugely welcome, if not unexpected, while Graham Gooch appeared to recapture *his true form in his second* innings. In turn, David Gower remains a high-class strokemaster. But there must still be doubts as to whether Bill Athey and Richard Benson are of international calibre.

As to the future, the selectors have appointed Mike Gatting to lead England in the coming series against New Zealand, and he will almost certainly retain command for the tour of Aus*tralia, which is looming as* his real test.

Trevor Bailey

F.T. CROSSWORD PUZZLE No. 6,071

VIXEN



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

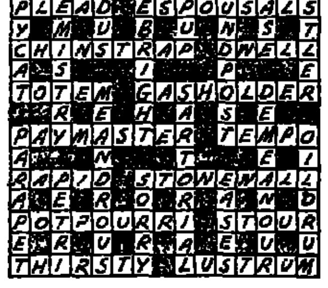
ACROSS

1 *Embarrassed* about a misshapen nose, it's thought (8)
5 A great many put heart into some craft (6)
9 A girl turns in before they can investigate (8)
10 Poles at church scrap! (6)
11 Charged for a wide variety of modern requirements (8)
12 Much-ornamented gold backing, doubly firm (6)
14 He tries a *graduate—it's* great but wrong (10)
18 "Love is too young to know what . . . is." Shakespeare (Sonnets) (10)
22 A flier takes part, showing delicacy (6)
23 Reveal it affected one of the family (8)
24 The music man's slow (6)
25 A quarter not going straight are making a pile (8)
26 Getting medical treatment is wise following a party (6)
27 No centre for fabric manufacture (8)

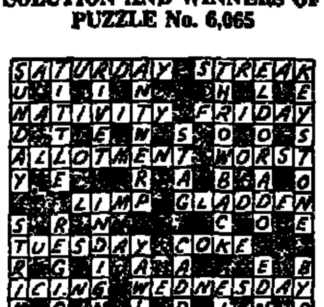
DOWN

1 He'll lecture about a German article (6)
2 A social worker (female) making a bit of a bloomer (6)
3 Fancy there's some point in *talk* (6)
4 Got out aid and created work (10)
6 Studies involving group associates (8)
7 Sensible renegade left holding an island (8)
8 A glass vessel fitted with sails (8)
13 Assembling the crews in *school* (10)
15 This country is plainly not a tax-haven! (8)
16 Personal letters (8)
17 Writing to make a song about the bed offered (8)
19 Many a Northerner exhibits *charm* (6)
20 The artist will mount one in giant frame (6)
21 Spare silver put into a pool (6)

Solution to Puzzle No. 6,070



SOLUTION AND WINNERS OF PUZZLE No. 6,065



Mrs P. Cooper, Wokingham, Berkshire; Mr G. Simpson, Aberdour, Fife; Mr H. R. Jarvis, Spalding, Lincs; Mrs P. P. Sirkett, Cheshunt, Herts; Mr N. Kenyon, New York, USA.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1
8.30 am The Saturday Picture Show. 10.45 Grandstand featuring 12.50 pm News; Cricket (Benson and Hedges Cup Final—Kent v Middlesex); Motor Racing (Shell Oils British Grand Prix); Racing; Golf; and Show Jumping. 5.05 News. 5.15 *Regional programmes.* 5.20 The Dukes of Hazzard. 6.10 Sorry! 6.40 Film: "Grand Prix." 9.25 The Bob Monkhouse Show. 10.05 News and Sport. 10.20 Cagney and Lacey. 11.10 John Denver. 12.00 World Show Jumping Championships from Aachen, West Germany.

BBC 2
†2.20 pm *Film: The Great Dictator* starring Charlie Chaplin. 4.20 The Sky at Night. 4.40 Cricket: Benson and Hedges Cup Final—Kent v Middlesex from Lord's. 7.30 Blankit's First Show. 7.55 Newsview. 8.35 Zubin Mehta Masterclass. 9.25 Film: "Guns in the Afternoon" starring Randolph Scott and Joel McCrea. 10.55 Cricket: Ben*son and Hedges Cup Final highlights.* 11.45-1.15 am Film "Zoltan . . . Hound of Dracula."

LONDON
6.55 *am TV-am Breakfast Programme.* 9.25 Get Fresh! 11.30 Terrahawks. 12.00 News. 12.05 pm Wrestling. 1.00 "Blondie" starring Penny Singleton. 2.30 That's My Boy. 3.00 International Motocross. 5.00 News. 5.05 The Grumbleweeds Show. 5.35 John Silver's Return to Treasure Island. 6.30 And There's More Cricket. 7.00 *We ♥ TV.* 7.30 *I Feel Fine* 8.30 All Star Secrets. 9.00 News and Sport. 9.15 The Steve McQueen Movie: "Bullitt." 11.20 LWT News Headlines followed by Mog. 11.50 "Outland" starring Sean Connery. 1.40 I've Got This Mole. 1.50 Night Thoughts.

CHANNEL 4
1.00 pm Channel 4 Racing from York. †3.00 *"The Westerner" (Gary Cooper stars).* 4.50 Past from the West. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 1986 Tour de France. 7.00 News Summary followed by The Sons of Abraham. 7.30 20/20 Vision: The Nuclear Gulag. 8.30 Four Minutes. 8.35 Newhart. 9.00 Saki 10.00 Hill Street Blues. 10.55 The Twilight Zone. 11.25 "Shanks" starring Marcel Marceau. 1.10 am The Twilight Zone.

S4C WALES
1.00 pm Racing from York. †3.00 Feature Film: "The Adventures of Michael Strogoff." 4.30 Spirit of Whitby. 5.30 Marco Polo. 6.30 1986 Tour de France. 7.00 The Kit Curran *Radio Show. 7.35 Newyddion. 7.45 Pwy sy'n perthyn?* 8.15 Llangollen '86. 8.45 The Cosby Show. 9.15 The Orchestra. 9.45 Budgie. †10.45 Feature Film: "Billy Budd" starring Peter Ustinov, Robert Ryan, Paul Rogers, and David McCallum.

ANGLIA
IBA Regions as London except at the following times:
1.00 pm Film: "The Malta Story" stars Alec Guinness, Jack Hawkins and Anthony Steel. 11.50 Show Express. 12.20 am At The End of the Day.

BORDER
11.50 pm Freeze Frame.

CENTRAL
1.00 pm Saturday Afternoon Double Feature: "Malta Story" starring Alec Guinness and Jack Hawkins. 11.50 Movie of the Week: "Quadrophenia," starring Phil Daniels, Leslie Ash and Philip Davis. 1.40 am Closedown followed by Central Jobfinder with the latest job vacancies.

CHANNEL
11.59 am Today's weather. 2.30 pm Survival of the Fittest. 11.50 Kid Creole and the Coconuts.

Gloria Hunniford: "We Love TV," ITV 7 pm

GRANADA
2.30 pm Diff'rent Strokes. 11.50 Jazz Special (Rare Silk in New Orleans). 12.25 am Cricket Results followed by Reflections.

GRAMPIAN
1.00 pm Cartoon. 1.05 "The In-Laws" starring Alan Arkin, Peter Falk. 5.00 Return to Treasure Island. 6.00 The Grumbleweeds Show. 11.50 Bob Marley at Santa Barbara Bowl. 11.50 Tales *From the Darkside.*

HTV
11.58 am HTV News. 1.00 pm "The Sandwich Man" starring Michael Ben*tine and Dora Bryan. 11.50 The New* Squadronaires.

SCOTTISH
1.00 pm "The Hindenburg" starring George C. Scott and Anne Bancroft. 11.50 Late Call. 11.55 Jessie.

TSW
11.30 am Gus Honeybun's Magic Birthdays. 11.32 Terrahawks. 11.57 TSW News. 1.00 pm Feature Film: "Anzio" starring Robert Mitchum, Arthur Kennedy, Robert Ryan and Peter Falk. 5.05 TSW News. 5.07 The Grumbleweeds Show. 11.50 Genesis in America. 12.45 am Postscript.

TVS
11.57 am TVS Weather. 2.30 pm Survival of the Fittest. 11.50 Kid Creole and the Coconuts. 1.30 am *Company.*

TYNE TEES
1.00 pm "King of the Khyber Rifles" starring Tyrone Power. 11.50 Hotel. 12.50 am Poetry of the People.

ULSTER
11.58 am Lunchtime News. 5.03 Ulster News. 6.30 The Twelfth: Reports from around the province on the day's *Orange parades. 8.12 Ulster News.* 11.50 Sports Results. 11.55 The Twelfth —A reflection on the day's Twelfth of July Orange parades from centres around the Province. 12.25 am News at Bedtime.

YORKSHIRE
7.00 pm "The Hindenburg" starring George C. Scott and Anne Bancroft. 5.05 John Silver's Return to Treasure Island. 6.00 The Grumbleweeds Show. 11.50 That's Hollywood.

BBC RADIO 2
Asu ⅓ shrd owd oshrf orf oshrrfr...
(S) Stereo on VHF
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Barrymore Plus Four. 1.30 Sport on 2 including Cricket: Benson and Hedges Cup Final; Racing from York; Equestrianism; Motor Racing and Cycling (Tour de France). 6.00 *John Dunn presents Two's Best.* 7.00 Three in a Row. 7.30 Memories of Old Vienna (S). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls with Dave Gelly (S). 1.00 Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.05 Orchestral Handel (S). 10.55 French Songs (S). 11.20 City of Birmingham Symphony Orchestra (S). (12.10 pm Interval Reading). 1.00 pm News. 1.05 Oboe, Cor Anglais and Piano (S). 1.35 Panocha String Quartet (S). (2.10 Interval Reading). 3.00 English Chamber Orchestra (S). 3.55 French Baroque (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for Organ (S). 7.10 "The Stranger" (story of Harri Pritchard Jones). 7.30 Haydn and Bartok, part 1: Haydn (*Piano Sonata in C, H XVI 50*) and Bartok (Allegro barbaro, 6 Romanian Dances, Sonata) (S). 8.15 A Walk Through Wales. 8.35 Recital, part 2: Haydn (Piano Sonata in C, H XVI 48) and Bartok (Sonata for 2 pianos and percussion) (S). 9.25 Shell of Surpassing Brightness. 9.55 Handel (S). 11.30 Poulenc (S). 11.57-12.00 News.

Medium Wave as above except: 10.55 am-7.10 pm Cricket Special, Kent v Middlesex in the Benson and Hedges Cup Final.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather, Travel. 9.00 News. 9.05 Breakaway. 9.50 News *Stand. 10.05 The Week in Westminster* with James Naughtie, Chief Political Correspondent of The Guardian. 10.30 Loose Ends. 11.30 From our Own Correspondent. 12.00 News; Culinary Characters. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: The Afternoon Play (S). *3.30 News: Travel; International* Assignment.

WORLD SERVICE
4.00 pm *The Saturday Feature:* A Place Close to Hell (S). 4.45 In Keeping with Tradition. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 *Weather.* 10.00 *News.* 10.15 *Evening* Service (S). 10.30 The Good Book. 11.00 Science Now. 11.30 Don't Stop Now—It's Fundation (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Knock Knock. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 The Great Palace: The Story of Parliament. 11.20 Cameo. 11.30 Seabrook's Year. 12.00 Cartoon. 12.05 pm See Hear! 12.35 Farming. 12.58 Weather news for farmers. 1.00 News Headlines.
1.05 *Llangollen 86.* 2.00 *Eastenders.* †3.00 Film: "Five Fingers" (James Mason stars). 4.45 Barney Bear Double Bill. 5.00 Great Railway Journeys of *the World. 5.00 Wild Britain. 6.25 Moira* Stuart appeals on behalf of The Anti-Slavery Society. 6.30 News: Weather. 6.40 Home on Sunday. 7.15 Film: "Touched By Love" (Diane Lane and Deborah Lane). 8.45 News. 9.00 Only Yesterday. 10.30 Choices. 11.10 Favourite Walks. 11.35 World Show Jumping Championships.

BBC 2
1.55 pm Sunday Grandstand, featuring Motor Racing (the British Grand *Prix, Show Jumping (the World Cham*pionships from Aachen), Golf, Cricket (Sussex v Glamorgan in the John Player Special League). 6.50 Foley *Square. 7.15 The World About Us:* Volunteers. 8.05 Favourite Things. 8.35 Wild Flower. 8.45 Dancemakers. 9.30 Film: "The African Queen," starring *Humphrey Bogart* and Katherine Hepburn. 11.10 Grand Prix (highlights). 11.50-12.55 am Rainbow—Live Between The Eyes.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morn*ing Worship. 11.00 Getting On.* 11.30 Reasons. 12.00 Jobwatch. 12.30 pm Take 30. 1.00 Police 5. 1.15 Cartoon Time. 1.30 Survival. 2.00 Survival of the Fittest. 2.30 LWT News Headlines, followed by "Africa—Texas Style!" starring Hugh O'Brien and John Mills.
4.30 The Campbells. 5.00 Albion Market. 6.00 Now You See it. 6.30 News. 6.40 Highway. 7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.40 Real World. 10.20 The Jimmy Young Television Programme. 11.05 LWT News Headlines, followed by The Irish RM. 12.05 am Night Thoughts.

CHANNEL 4
1.10 pm Irish Angle. 1.35 Model Magic. 2.00 Kids' Kafe. †2.30 "Rabindranath Tagore" (documentary by Indian film-aker Satyajit Ray). †3.30 Ray on Tagore: "Monihara" (The Lost Jewels: in Bengali with English subtitles). †*4.30 Scotland Yard.* 5.10 News Summary followed by Buildings—Who Cares? 6.10 1986 Tour De France.
7.15 The Arabs. 8.15 People to People *presents Caught In A Web. 9.15 Picturing Women: Imaginary Women.* †10.15 "The Bishop's Wife," starring Cary Grant, Loretta Young and David Niven. 12.15 am Magoo Goes West.

S4C WALES
2.05 pm The Great Plant Collections. 2.30 Up and Coming. †3.00 Feature Film: "Victoria the Great." starring Anna Neagle and Anton Walbrook. 5.15 Too Hot to Handle? 6.10 1986 Tour de France. 7.20 Newyddion. 7.30 Margaret Williams. 8.10 Byw a Bod. 9.00 Campweithiau Corawl. 9.50 20/20 Vision. 10.50 Feature Film: "Sea of Sand," starring Richard Attenborough, John Gregson and Vincent Ball.

IBA Regions as London except at the following times:

ANGLIA
9.30 am At Home . . . 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2.00 Bygones. 2.30 Sunday Cinema: "Custer of the West," starring Robert Shaw, Mary Ure, *Jeffery Hunter,* Ty Hardin and Robert Ryan. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.05 The New Avengers. 12.05 am And *That's the Gospel Truth.*

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm The Prizewinners. 1.30 *Farming Outlook. 2.00 Survival.* 2.30 David Frost presents The Guinness Book of Records. 3.30 The Love Boat. 4.30 The Movie Makers. 5.00 The Campbells. 5.30 Look Who's Talking (Stan Stennett). 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 Don't

CENTRAL
9.25 am Adventures of the Blue Knight. 9.35 Jayce and the Wheeled Warriors. 1.00 pm Gardening Time. 1.30 John Wayne in North to Alaska. 3.45 S.P.L.A.S.H. 4.00 Mind Your Language. 4.30 The Fall Guy. 5.30 The *Campbells. 6.00 Albion Market.* 7.45 Crazy Like A Fox. 11.05 Crime Inc. 1-2.05 am Closedown followed by Central Jobfinder (programme with the latest job vacancies).

CHANNEL
9.25 am Today's Weather. 9.26 Starting Point. 9.30 Les Francais Chez Vous. *1.00 pm That's Gardening.* 1.30 Candid Camera. 2.00 The Sunday Matinee: "Monte Carlo or Bust." 4.15 Cartoon. 4.25 Puffin's Pla(i)ce. 11.05 A Full Life. 11.35 Show Express.

GRAMPIAN
9.25 am Max, the 2000 Year Old Mouse. 9.35 Sesame Street. 10.30 The Smurfs. 1.00 *pm Farming Outlook.* 1.30 The Spice of Life. 2.00 The Prize Winners. 2.30 Feature Film—"The Three Musketeers," starring Michael York, *Oliver Reed and Raquel Welch. 5.00* Survival. 5.30 Now You See It. 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 The World of James Michener. 12.00 Reflections.

GRANADA
9.25 am Max, The 2,000 Year Old Mouse. 9.35 California Highways. 11.25 *Aap Kaa Hak. 11.30 Royal Jordan.* 1.00 pm David Frost presents the Guinness Book of Records No. 5. 2.00 Classic Cinema. 4.15 Cartoon Time. *5.00 Murder She Wrote.* 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 Celebration in Concert.

HTV
9.25 am Max the 2000 Year Old Mouse. 9.35 Robostory. 1.00 pm Gardening Time. 1.30 West Country Farming followed by Weather for Farmers. †2.00 The Sunday Matinee: "The Pride of the Yankees." 5.00 That's My Boy. 5.30 Now You See It. 6.00 Albion Market. 6.35 HTV News. 7.45 Crazy Like a Fox. 11.05 The Battle for . . . Cassino.
HTV WALES—As HTV WEST except: ... Eisteddfod. 3.00-4.30 Athletics.

SCOTTISH
9.25 am Foo Foo. 9.30 Farming Outlook. 10.00 Revelations. 10.30 The Smurfs. 1.00 pm Fireball X15. 1.30 Contrasts "Freedom on Paper." 2.00 Talkback. 2.30 The Fall Guy. 3.30 *That's My Boy. 4.00 Now You See It.* 5.00 Chips. 6.00 Albion Market. 7.45 Crazy Like a Fox. 11.05 Late Call. 11.10 Johnny Cash in San Quentin.

TSW
9.25 am Getting On, followed by Getting On . . . Plus. 11.25 Look And See. 11.30 The South West Week. 1.00 *pm* Scarecrow and Mrs King. 2.00 Whose Baby? 2.30 The Stewart Granger Season: "Harry Black And The Tiger." 4.27 Gus Honeybun's Magic Birthdays. 4.30 Gardens For All. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 The Duck Factory. 11.35 That's Hollywood. 11.55 Postscript Postbag.

TVS
9.25 am Action Line 9.35 Cartoon Compilation 1.00 pm Agenda 1.30 Candid Camera. 2.00 The Sunday Matinee: "Monte Carlo or Bust" starring Tony Curtis, Susan Hampshire, Peter Cook, Dudley Moore and Terry-Thomas. 4.25 TVS News. 4.30 The Campbells. 5.00 *Albion Market.* 6.00 Now You See It. 1.05 A Full Life. 11.35 Show Express. 12.05 am Company.

TYNE TEES
9.25 am Morning Glory. 9.35 The Flintstone Frolics. 11.25 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Northern Life — Sunday Edition. 2.00 The Prizewinners. 2.30 The Great Yorkshire Show. 3.15 Diff'rent Strokes. 4.05 The Smurfs. 4.25 Regional News. 5.00 Otherworld. 6.00 Albion Market. 7.45 Crazy Like a Fox. 11.05 *Fifty, Fifty.* 12.00 Epilogue.

YORKSHIRE
9.25 am Getting On 11.00 Reasons. 11.30 Farming Diary. 1.00 pm Say No To Strangers. 1.15 The Great Yorkshire Show. 2.00 Wells Cathedral. 2.30 Sunday Cinema: "The World of Suzie Wong" (Nancy Wong stars with William Holden, Sylvia Syms and ... 5.30 Mr and Mrs. 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 "The Gorgon," starring Peter Cushing and Christopher Lee. 12.35 am Five Minutes.

ULSTER
12.58 pm Lunchtime News. 1.00 Gardening Time. 1.28 Farming Weather. 1.30 John Wayne in "North to Alaska." 3.45 Harlem Globetrotters. 4.15 The Little House on the Prairie. 5.15 *Cartoon. 5.30 The Campbells. 6.00* Albion Market. 6.39 Ulster News. 7.45 Crazy Like A Fox. 9.47 Ulster News. 11.05 Sports Results. 11.10 The Mysteries of Edgar Wallace. 12.15 am News at Bedtime.

BBC RADIO 2
(S) Stereo on VHF
7.30 am Roger Royle says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats. *(S). 2.00 pm (Medium Wave only)* Stuart Hall's Sunday Sport. 2.00 pm Benny Green (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 The Random Jottings of Hinge and Bracket. 4.30 Sing Something Simple (S). 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Gather Round the Aspidistra. 8.00 Vernon and Maryetta Midgley sing for your pleasure. 8.30 Sunday Half-Hour from St Mary's, Isles of Scilly. 9.00 Your Hundred Best Tunes with Alan Keith. 10.05 Songs from the Shows. 10.30 The Gospel Truth. 11.00 Sounds of Jazz with Tony Russell (stereo from midnight). 1.00 am Jean Challis presents Nightride (S). *3.00-4.00 A Little Night* Music (S).

BBC RADIO 3
7.00 am News. 7.05 Vivaldi's Venice (S). 8.00 Pierre Fournier (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Tamas Vasary and Peter Frankl, piano duet recital (S). 12.15 pm Royal Liverpool Philharmonic Orchestra: Verdi (overture: The Force of Destiny), Chopin (piano concerto No. 1, with Garrick *Ohlsson*); *(1.10 Interval Reading)*; 1.15 Elgar (Symphony No. 1) (S). 2.10 ... "Maria Stuarda" opera by Donizetti, sung in Italian with Edita Gruberova in the title role (S). 5.15 New Premises (arts magazine with Stephen Games). 6.00 Liszt and the Piano (S). 6.45 A Paraside out of the Common Field. 7.15 Esther Lamandier: Two medieval *spinning songs (S). 7.30 Haydn and* Bartok. Recital by the Gabrieli String Quartet (live relay), part 1: Haydn (Op 20 No. 4 in D) and Bartok (No. 2) (S). 8.05 A Walk Through Wales. 8.25 Recital part 2: Haydn (Op 77 No. 1 in G) (S). 9.25 Franz Schmidt: Symphony No. 4 played by the BBC Symphony Orchestra (S). 10.15 Contemporary Brass (S). 10.55 Sterndale Bennett (S). 11.57-12.00 News.

BBC RADIO 4
8.00 am News. 8.10 *Sunday Papers.* 8.15 Sunday. 8.50 Jill Gascoigne talks for the Week's Good Cause about the need for services to befriend people in prison and after their release 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omni*bus edition).* 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; *Gardeners' Question Time.* 2.30 The Afternoon Play (S). 3.30 Granny Goes To Sea (S). 4.00 News; In Our Hearts Were Songs Of Hope. 4.30 The Natural History *Programme.*

WORLD SERVICE
5.00 News; Travel. 5.05 Down Your Way visits Bellingham in Northumber*land.* 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Women's Hour. 7.00 Poet's Pub (S). 8.00 A Good Read. 8.30 The Music Makers (S). 9.00 *News: A Word in* Edgeways. 9.30 Law in Action. 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature: The Lost Colony. 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 am News.

Solution to Chess No 628
1 P-QB8=R, KxP; 2 P-KB8=N mate.

basic rythms." This may please the purists, but it will not please those who already know ... explanatory and biographical notes which are grouped at the back of the book.

Medbh McGuckian.

...Alannah Hopkin

... American private eye stories. Loren Swift, the protagonist, is ...

... meet her again—and her story is told with dash and skill.

William Weaver

... future consequences.

These "mini-methods" owe something to the massive work ... that thinking in time streams which they are trying to inculcate in their readers. They ...

Zara Steiner